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Daily Report

Latin America

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FBIS-LAT-95-047 *10 March 1995*

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Mexican Official on Investigations, Joint Anti-Drug Efforts

PA0803010195 Panama City ACAN in Spanish 0136 GMT 7 Mar 95

[FBIS Translated Text] Panama City, 6 Mar (ACAN-EFE)—A "very promising" future awaits Mexico, because the investigations surrounding recent murders of high-ranking Mexican political leaders will be conducted "to the fullest," Mexican Deputy Attorney General Rafael Estrada affirmed in Panama City.

The Mexican official, who arrived in Panama to attend the 17th regular session of the Inter-American Committee for the Control of Drugs and Drug Abuse (CICAD-OEA), which opens tomorrow, made those statements shortly after visiting the Panamanian National Legislative Assembly.

According to Estrada, Mexico is currently experiencing a "very interesting" process, because the people and the government decided to "conduct investigations to the fullest, with strict adherence to our rule of law."

When asked why the investigations were not conducted before, Estrada replied that a series of "very appropriate" conditions exists now to establish the rule of law and a country of laws, "as President Ernesto Zedillo pledged during his presidential inauguration."

"Well, if it was not done before, it is now," Estrada stressed. He also announced that he will take advantage of this visit to sign an agreement with the Panamanian Government to join efforts in the war on drugs.

On another matter, the Panamanian Attorney General's Office announced today that during the CICAD meeting, which will last until Friday, the basis for a model agreement on the control of precursor chemicals will be established. The OAS member countries and the EU may sign this accord.

According to the meeting's agenda, judicial and police officials will hear reports on drug control by each of the CICAD member countries and will draft a report containing a general synopsis on the state of the war on drugs and money "laundering" in America.

CICAD will evaluate results of the implementation of similar legislation and penalties dealing with drug and money laundering crimes in member countries to expedite the apprehension and extradition of convicted drug traffickers.

Some 29 member countries of the OAS will attend this narcotics summit, which President Ernesto Perez Balladares will inaugurate at a Panama City hotel.

Parlacen Invites URNG To Participate in Forum

PA0903155295 Mexico City NOTIMEX in Spanish 2204 GMT 7 Mar 95

[FBIS Translated Text] Guatemala City, 7 Mar (NOTIMEX)—The Central American Parliament (Parlacen) today announced that it has invited the Guatemalan guerrillas to participate in a forum for the political parties of the region which will be held in Panama in August 1995.

Guatemalan Deputy Hector Manuel Klee, Parlacen Political Commission president, said at a news conference that the procedure to have the rebels participate in the political process has begun.

The Parlacen Political Commission is directly in charge of organizing the Fourth Central American Political Parties Conference, the exact date of which has yet to be determined.

According to Klee, the rebel Guatemalan National Revolutionary Unity (URNG) could participate in the Panama conference, regardless of whether it reaches a peace agreement with the government.

The URNG commanders, who live in Mexico, in February expressed their intention to participate in the general election to be held in November 1995, when the posts of president and vice president of the Republic will be vied for.

The URNG would participate in the elections as a political party or as a member of a broad democratic front that would challenge the Guatemalan Right headed by former putschist President General (Ret.) Efrain Rios Montt.

The United Nations has urged the government and the URNG to sign a definitive peace agreement at the latest by August 1995 to end the civil war that has left 175,000 people dead in 34 years.

The Parlacen deputy added that the URNG will have the opportunity to discuss its position at a regional forum that representatives of 40 political parties from many ideological currents will attend.

The Farabundo Marti National Liberation Front (FMLN) from El Salvador attended the First Central American Political Parties Conference held in Guatemala in 1992. The second conference was held in El Salvador in 1993, and a year later, Honduras was the site of the Third Central American Political Parties Conference.

Klee explained that the objectives of the Panama meeting are to promote Central American political integration and to share experiences with the political parties of the region.

The deputy told NOTIMEX that the participation of Mexican parties delegates as observers will be sought.

The Parlacen, which is headquartered in this capital, includes deputies from Guatemala, El Salvador, Honduras, and Panama, and it is currently seeking the full participation of 20 Nicaraguan deputies, because only two of them are now representing their country. The joining of Costa Rican deputies is also being promoted.

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Cuba

Ministry Spokesman on Willingness To Normalize U.S. Ties

PA0903235595 Hamburg DPA in Spanish 2112 GMT 9 Mar 95

[FBIS Translated Text] Havana, 9 Mar (DPA)—A Cuban Foreign Ministry spokesman today said the Cuban Government is willing to normalize its relations with the United States without any conditions, as long as those relations are based on equality and respect.

At a weekly news conference Luis Delfin Perez, assistant director of the North American Directorate of the Cuban Foreign Ministry, asserted that his government would review Washington's actions and official explanations on this topic, if any are indeed observed, but he added Havana will not respond based on speculation.

The spokesman referred to reports that White House officials, who were mentioned by THE WASHINGTON POST, presented recommendations to President Bill Clinton to ease the economic embargo against the island. The U.S. President's foreign policy advisers believe that if the ban on sending money from the United States to Cuba is eliminated, and if restrictions on travel to the island are revoked, President Fidel Castro might reciprocate with a measured response.

"Up until now, there are no changes in the hostile and aggressive U.S. policy or in its attempts to internationalize the blockade against our country," according to the diplomat who is a specialist in Cuban-U.S. affairs.

A Miami radio station, which was picked up in Havana, said the White House implicitly confirmed on Tuesday that it is reviewing the possibility of suspending the two sanctions, which were put in place last summer, but it also noted that Washington continues to support the trade embargo.

Possible Easing of Sanctions, Geneva Vote

PA1003023795 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Mar 95

[Report by Barbara Bethancourt from the "Evening Information Review" newscast]

[FBIS Translated Text] In his regular weekly session with the domestic and foreign media, Luis Delfin Perez, alternate Cuban Foreign Relations Ministry spokesman, emphasized the high level reached in relations between France and Cuba:

[Begin Perez recording] We could say that these relations have always being characterized by a level of mutual understanding and respect. Undoubtedly, these relations are currently at a good level. You are aware that two large French business delegations recently visited the country, and magnificent results were achieved during negotiations that were held at the time of their visit. We have new and wide-ranging official ties. This is why I would say that our relationship with France is currently at a high level.

You may recall that the French ambassador to Cuba recently announced the increase in the number of official credits France is granting to Cuba, which is also an element that exemplifies the level these relations have reached. [end recording]

He was questioned on reports coming from the United States on alleged changes in the U.S. Government's position on the blockade against Cuba.

[Begin Perez recording] We are not really accustomed to speculating, and talking about this issue is speculation. We are willing to review facts and clarifications the U.S. Administration provides on this issue. So far, there are no changes in the current U.S. policies in effect—hostile and aggressive policies against Cuba that maintain the U.S. blockade, and even the intentions of certain sectors to strengthen it, which is what you have called the internationalization of the blockade. Therefore, Cuba is expecting tangible facts and clarifications from the U.S. Administration before taking up a position. This is the situation.

As for possible conditions the United States may impose, any pretense by the U.S. Administration to impose new conditions to its decisions concerning these hostile policies—policies that the international community has condemned—would undoubtedly and simply constitute another mistake in the estimations and assessments made by the U.S. administration—a mistake that would hinder even further the normalization of our relations. [end recording]

Spokesman Perez also talked about the resolution against Cuba that was approved by the UN Human Rights Commission in Geneva:

[Begin Perez recording] Look, the issue of the human rights resolution approved within the framework of the UN Human Rights Commission, as it has been generally treated in [words indistinct] general assembly, is undoubtedly a politicized and manipulated issue, because the United States exerts fierce pressure to maintain these types of sanctions on Cuba as part of its aggressive anti- Cuban policies. Now, I want to point out something quite important: The votes of support on the Cuban issue at the Human Rights Commission are frankly receding, as far as U.S. interests are concerned. In other words, we see that in 1993, 50 percent of the member-states of the Human Rights Commission voted in favor of the U.S. resolution against Cuba, and we see that today, in the 8 March vote, this percentage was only 41 percent. [end recording]

Envoy to UN on U.S. Resolution Against Cuba

PA0903215595 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Mar 95

[Telephone interview with Jose Novoa Perez, Cuban ambassador to the United Nations in Geneva, by Maria

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Elena Calderin; from the "Evening Information Review" newscast—live or recorded]

[FBIS Translated Text] This call has been made in the wake of a series of resolutions that have been discussed in the Human Rights Commission. Specifically we have just learned that for the fourth consecutive year the United States has presented a resolution against Cuba before the commission. According to the statistics, the proposal was approved by 22 votes, 23 abstentions, and eight votes against. Ambassador, based on these figures and in light of the change experienced in international opinion regarding the aggressive U.S. policy against our country, I would like your appraisal of the situation. Can you evaluate what has happened over there in the past few hours in the Human Rights Commission in Geneva?

[Novoa] In reality it is one more year that we face this kind of policy by the United States against Cuba. As you know, it is expressed by the blockade and by the strengthening of the draconian measures that are being studied by the U.S. Congress in an attempt to crush our people. They, however, will not succeed. This exercise by the commission has become a vicious circle. Most countries are clear that this does not respond to the reality of the human rights situation in Cuba, but rather to that political vendetta on the part of the United States against Cuba. Let me tell you that in terms of the voting they were not able to muster not even 50 percent of the commission members to vote for that resolution. They only got 22 votes in favor. They were from mostly Western, East European, and some Latin American countries that have always followed U.S. policy. Also, this year the sponsors of the resolution did not include any Third World countries, except for the honorable exception of Cuba. In reality, since we are an oil country, we are not linked with the policy of developing countries. Here again, we have evidence the defeat of the U.S. policy toward Cuba. I say defeat, despite the fact that they got approval of the resolution. As you know the current correlation of forces is dictated by the unipolar hegemony exercised by the United States. It is not easy fo. these countries to separate themselves from that policy.

[Calderin] Recently, with the cosponsorship of some Latin American nations, including Cuba, two important draft resolutions were presented to the Human Rights Commission. They were directed at the aggressive U.S. policy. I am referring to the resolution on foreign debt and on human rights violations owing to racism. I would like you to explain a little more the significance of these two resolutions at this moment.

[Novoa] Let me tell you that it was an important resolution that was approved. It also establishes mechanisms to follow up on the serious debt problem, which affects developing countries. Also approved were unilateral coercive measures, which although they do not specifically mention the United States, they describe the U.S. policy against Cuba in terms of the economic blockade. [sentence as heard] Despite the arrogant speech delivered by the U.S. representative before the vote took place, the resolution obtained a considerable number of votes and was approved by the Human Rights Commission. There also is another one that was approved yesterday. It addresses the problem of respect for the universal right to travel and the vital importance of family reunification. The contents of the resolution also rejects the measures approved by the Clinton administration last year, which banned money remittances and created problems for Cubans in the United States in traveling to Cuba. The U.S. representative virtually accused and questioned those who voted in favor of this resolution before it was approved. The resolution was approved by 27 votes for, nine against, and 17 abstentions. So, I have mentioned debt, the unilateral coercive measures, and family reunification in terms of money remittances and the possibility of traveling. [sentence as heard] These three were approved, despite a previous speech by the U.S. delegate saying measures would be adopted against those countries that voted for this resolution.

As for the one presented by Cuba regarding human rights violations in the United States owing to racism and racial discrimination in U.S. society, in reality it does not respond to a political response by Cuba with regard to the United States. The Cuban delegation presented the resolution in strict compliance with what we consider to be the role of the Human Rights Commission. The commission is called upon to observe the human rights situation in any part of the world. As far as we know, the United States is part of the world. There is a report, No. CN478 Addendum 1, by the Special Rapporteur of this commission, on contemporary forms of racism and racial discrimination, xenophobia, and related forms of intolerance. He visited the United States and the results demonstrate the human rights violations that exist in the United States in this matter, not only in the streets of the United States, but also in institutional terms. The rapporteur was only able to visit four states and he encountered serious problems in the four states. The reason we presented this resolution is the need for this commission provide continuity for the observation of such problems in those four states, but that it also know what is happening in other states of the union.

[Calderin] At this moment a summit on world development is being held in Denmark. Thus far, according to reports we have received here, expert-level commissions are meeting. We don't know the nature of the proposals being made there, but based on the objectives of this forum—the most important at the international level—there are marked differences that are emerging between the North and South. To conclude, I will ask you: Do you not think that despite the skepticism that could exist regarding the results of this summit, do you not think that at the , the UN Human Rights Commission, the fundamental elements are laid bare, so that the ones mostly responsible for the situation faced by humanity will be known?

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[Perez] Yes, it is clear, not only here in the commission, but also in the summit. This is a clear element which has existed for many years. As you may recall, concerning the declaration of the right to development, the West, particularly the United States, never approved it. In other words, it never approved the need to support the right of development. Likewise, it has also not approved the pact of economic, social, and cultural rights which deals with the right to life, the right to education, food, public health, housing, and a human existence. It was not concerned about that one. It does not apply to them, so therefore, it is not unusual that it is not giving all the attention it should to that summit. It fears, of course, that the real problems of the world reality will be demonstrated at that summit, as well as the massive violation of human rights endured by Third World countries. We should note at this time, that at this moment it is not only the Third World, but there is much concern being voiced regarding a Fourth World, a Fourth World, which is precisely within the industrialized world, that is the powerful northern country. There are homeless who sleep on the streets, the unemployed, those who lack social security, children and women who suffer because of violence. In short, we are speaking of the topic of human rights violations of millions of persons. What they are trying to do is use one person to create a political situation in keeping with their interests.

[Calderin] Thank you Mr. Jose Novoa Perez, Cuban ambassador to the United Nations in Geneva, for this conversation with Radio Havana Cuba.

TV Considers 'Leak' on U.S. Sanctions Recommendations

FL1003032295 Havana Tele Rebelde Network in Spanish 1730 GMT 9 Mar 95

[Studio discussion between anchorman Julio Acanda and correspondent Carlos Iglesia; from the "NTV" newscast]

[FBIS Translated Text] [Acanda] THE WASHINGTON POST reported a few days ago that [words indistinct] U.S. President William Clinton was presented with a proposal to soften the blockade of Cuba. Carlos Iglesia is in the studio today to discuss this issue. Carlos, what about this news leak?

[Iglesia] THE WASHINGTON POST reported on 7 March that it had learned of an NSC proposal to soften the blockade. The initiative was attributed to (Morton Harper), the NSC person covering Cuba. The newspaper mentioned a memorandum recommending that certain measures be lifted to promote an opening in Cuba, as it is referred to in the United States. It includes softening measures which Clinton imposed on 20 August 1994, which strengthened the blockade by prohibiting remittances to relatives and flights to Cuba. Some media—for example, EFE—reported that the initiative had derived from the immigration accords of September 1994.

[Acanda] What has happened since THE WASHINGTON POST leaked, let's say, this information?

[Iglesia] This leak has been met with strong reaction from those extreme right-wing elements who want to destroy the Cuban process. Robert Menendez, a congressmen from New Jersey, demanded (Harper)'s resignation immediately after the news was known. Even though he is a Democrat, Menendez is part of a trio of Cuban origin who serve the interest of the Cuban American National Foundation in the U.S. Congress. The other two are Ileana Ros-Lehtinen and Lincoln Diaz-Balart, both from Florida. Menendez accused (Harper) of trying to undermine the policies affecting Cuba. However, what is even more important is that when the newspaper report was published, efforts to support the so-called Liberty and Democratic Solidarity Act increased. That bill was presented a month ago by Jesse Helms, chairman of the U.S. Senate Foreign Relations Committee.

[Acanda] Yes, I remember that you explained that bill. Do you think we can review the bill's fundamental points?

[Iglesia] Of course, Helms' proposal would prohibit trade with any country that has relations with Cuba, block Cuba's credit lines, and internationalize the blockade. Helms is backed by 21 congressmen, including the trio of Cuban origin. However, certain procedural problems have been pointed out and Helms has quickly presented the bill to the U.S. Senate for debate. Helms said yesterday that pressure on Cuba should increase: He received some support from majority leader Robert Dole. The reactions have been so strong that the White House has denied the existence of a proposal to make the blockade more flexible.

[Acanda] After seeing all of this, what are your conclusions? What does all of this mean?

[Iglesia] It is very difficult to give categoric opinions. Keep in mind that all of this hinges on a newspaper report. No matter how influential THE WASHINGTON POST may be, the White House and the NSC have denied this report due to the extreme right wing's fierce repression. That is why we must agree with Cuban Foreign Minister Roberto Robaina, who forecasts a stronger blockade of Cuba. There is nothing to make us believe that the news leak is true; however, Robaina believes that making the blockade more flexible would be the most sensible thing the United States could do. However, this is all the information I have on this issue.

[Acanda] That's quite a lot. At least now we have an idea. Thank you, Carlos Iglesia, for joining us here today.

Foreign Minister Leaves for Summit in Copenhagen

PA0903152395 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Mar 95

[Report by Barbara Bethancourt from the "Evening Information Review" newscast]

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[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina left Havana on 8 March for the Danish capital to participate in the discussions on the ministerial level that will take place at the World Social Development Conference being held in Copenhagen. At a news conference held on 7 March, Robaina said Cuba does not want the Copenhagen conference to become just another summit full of good intentions:

[Begin Robaina recording] We have already had too many good intentions, too many lessons, and too many summits full of good intentions, but we do not want this summit to be full of good intentions only. We want the final declaration, or to be more exact, we want the plan of actions for the Copenhagen Summit to really have—let us say—a first phase of implementation and a second phase of follow-up.

I insist that we, the poor of the world, do not need—I am talking about a world development summit here—more theories on our poverty. To be honest, we are tired of events held to state how poor we are, what the scope of our poverty is, and how many types of poor people there are in this world. We are tired of so many books and documents reporting to the entire world how poor we are. We are even more tired of the fact that 1 billion poor people, or 1.2 billion people, or 1 billion illiterate people in this world are unable to even become aware of how poor they are and that a world social development summit is being held on their behalf in Copenhagen. [end recording]

The Cuban foreign minister insisted the extensive attendance at the Danish capital, 180 official delegations and more than 2,500 nongovernmental organizations meeting in a parallel forum, must be taken advantage of to discuss the main problems adversely affecting most people and, above all, to make those responsible for these problems to commit themselves to actions that will solve them:

[Begin Robaina recording] You may ask—I do not really know—whether the people of my country as well as those abroad are aware of this problem, but there is much insistence on why the documents do not move on. Well, the documents do not move on, because the reason is quite simple: Everyone understands there is poverty. The thing is that no one wants to claim responsibility for our poverty.

Anything that suggests the rich of the world are getting richer because the poor are getting poorer is tantamount to saying in Cuban terms that we are scratching the paintings of the rich. Anything that scratches the paintings of the rich during this event prompts many discussions and indeed tends to eliminate all those documents that could question, to a certain extent, the responsibility the rich have for our poverty. The rich are not responsible for their wealth; the rich are indeed responsible for our poverty, the reason why we need to make serious commitments and to coordinate efforts. [end recording]

In Cuba's particular case, the foreign minister said the revolution has been working for more than 35 years to achieve—it has indeed achieved major results—what the Copenhagen Summit is now outlining as its objectives and goals:

[Begin Robaina recording] I would say that the most important achievement Cuba is presenting to the summit is what we have modestly tried to reflect in this report; in other words, despite the difficult and complex circumstances, despite a blockade that the Unites States has imposed on Cuba for more than 30 years, despite the second blockade imposed or not imposed on us and even despite our limitations and deficiency, Cuba has become a work of social development, the most significant contribution we are presenting at this event.

We want an adequate definition of structural responsibility, which pertains to many at the international level regarding the poverty and problems we are confronting. At the summit, we want to talk about proposals for radical solutions to the foreign debt problems and this exchange, which is increasingly unequal.

I do not accept talk about the new international economic order when we all are really experiencing a huge, international, economic disorder. We are motivated to meet to denounce, in fact, this international economic order and to bring about or contribute to effecting some order to a certain degree.

We want commitments to social development derived from resources that are freed from many other efforts that are going through other phases at this time. [sentence as heard] We want respect for each country's right to chose its own social development policy without foreign meddling.

We want the United Nations to stop trying to invent new mechanisms to check how we achieve social development now. We reject and will reject any kinds of conditions on developmental aid, and we reject the meddling of international financial organizations in the drafting and evaluation of those international policies or those social policies they want to evaluate internationally. [end recording]

Arrives in Copenhagen

FL1003025495 Havana Radio Reloj Network in Spanish 2032 GMT 9 Mar 95

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina said upon arriving in Copenhagen to attend the World Social Development Summit that Cuba does not want a summit full of good intentions but a summit that will resolve problems. Robaina added that Cuba has come to work and to alert countries to the situation, not just with paperwork but with ideas on measures that can be taken that may not appear in the accords. Robaina stressed that Cuba's participation will not be limited to debates, since Cuba brings its experiences and results that prove the feasibility of distributing our scarce

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resources among many. Robaina told a multitude of reporters at Copenhagen's airport that it is very important for Cuba to render its accomplishments—even during difficult times and notwithstanding the blockade—at the summit. Robaina pointed out that Cuba will not talk promises, adding: We will present accomplishments; if we do bring a promise, it is to hold fast in our positions. Robaina added that the ones responsible for poverty are the rich—who are only a few—while the poor are tired of good intentions and of words that are only good to disguise poverty. Robaina highlighted that the poor need practical solidarity and not theories, saying: We do not need surveys or statistics to convince us that we are poor. With regard to a possible solution to the problems of inequality during the summit, Robaina stated that at least this summit is an appropriate showcase where Cuba can state its opinions and definite advances.

Summit 'New Platform' for Cuban Situation

FL0903190295 Havana Radio Rebelde Network in Spanish 1000 GMT 9 Mar 95

[From the "Doing Radio" program]

[FBIS Translated Text] Foreign Minister Roberto Robaina departed for Denmark on the evening of 8 March to participate in the world summit on social development under way in Copenhagen. In statements to the national news media, Robaina said that the meeting will be a new platform to make the Cuban situation known; where we will put principles, honesty, and willingness to continue struggling in the face of any type of inequality to the test. Robaina said that at the summit we will display the problems that we have overcome. He added that we are viable and will continue to be viable, in spite of the blockade, since we sustain the lowest infant mortality rate in history, the hope that springs from life with the highest ideals, and education for all.

Canadian Delegation Urges Strengthening Trade Ties

FL0703172895 Havana Radio Rebelde Network in Spanish 1000 GMT 7 Mar 95

[From the "Doing Radio" program]

[FBIS Translated Text] Doug Tyler, the agriculture minister in New Brunswick Province, Canada, has begun a working visit to Havana aimed at strengthening trade relations with Cuba. Tyler, Deputy Minister Jack Syroid, and seven businessmen accompanying him were met by his Cuban counterpart—Alfredo Jordan—and Cuban Foreign Trade Minister Ricardo Cabrisas. Five of the businessmen accompanying Tyler produce processed foods, while the other two export seeds and other agricultural products. It was also announced that a group of Canadian parliamentarians will begin an official visit today aimed at studying ways to increase economic ties between the two nations. The parliamentarians will meet Jaime Crombet, vice president of the National Assembly of the People's Government, and Education Minister Luis Ignacio Gomez and Vice Foreign Minister Fernando Remirez de Estenoz today.

Minister Explains Trade Ties to Canadian Businessmen

PA0903221895 Havana PRENSA LATINA in Spanish 0223 GMT 9 Mar 95

[FBIS Translated Text] Havana, 8 Mar (PL)—Cuban Foreign Trade Minister Ricardo Cabrisas explained today the possibilities of investment and trade in Cuba to a group of Canadian parliamentarians who are seeking to strength economic ties with the island.

After reviewing the current Cuban economic and financial situation, Cabrisas explained the areas and means of trade development, which could be attractive and of interest for the Canadian business community, including food, sugar, and tourism.

The legislators, of diverse regions and political leanings, expressed an interest in increasing trade and economic relations between the two countries and further expanding Canadian investment on the island.

The delegation is made up of nine parliamentarians, seven from the ruling Liberal Party, one from the Reform Party, and an independent. Their visit to Cuba is sponsored by a Canadian business group which owns companies established in Cuba.

Liberal Deputy Zarkis Assadourian, president of the group, termed the meeting, as well as those held with local authorities, "very fruitful" because they allowed his group to learn about the economic opportunities and incentives offered to businessmen who want to engage in business in the island. Regarding a draft law being debated in the U.S. Congress tightening the economic blockade against Cuba, which might affect Canadian interests, Assadourian reiterated that Canada is a free and sovereign country and will block any attempt by third states trying to interfere in its participation in Cuban investment.

"We defend our sovereignty in the face of extraterritorial measures that hinder the development of our economic and commercial relations with any country, in this case Cuba," he stated.

Meanwhile, Doug Tyler, agriculture minister of New Brunswick, ended a visit to Cuba today. He was accompanied by half a dozen businessmen from that Canadian province.

According to Tyler, it was agreed to diversify commercial ties with Havana, which traditionally have been centered on the farming sector, and to extend them to other fields, such as the food industry. The possibility of New Brunswick serving as a market for Cuban exports was also contemplated.

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Tyler envisions Cuba as a possible bridge for developing Canadian trade to the rest of the Caribbean region.

Gives Canadians Trade Possibilities

FL0903185295 Havana Radio Rebelde Network in Spanish 1000 GMT 9 Mar 95

[From the "Doing Radio" program]

[FBIS Translated Text] In Havana, Foreign Trade Minister Ricardo Cabrisas explained the terms of credit of investments and business in Cuba to a group of Canadian parliamentarians interested in strengthening economic relations with Cuba. After outlining Cuba's current economic and financial situation, Cabrisas focused his discussion on areas of development and trade that might be of interest to the Canadian business community, including food production, sugar, and tourism sectors. The legislators from diverse regions of Canada expressed their interest in increasing trade and economic relations between the two nations, and in encouraging even greater Canadian investment in Cuba.

Sugarcane Planting Behind in Pinar del Rio, Granma

FL0903121295 Havana Radio Reloj Network in Spanish 0305 GMT 9 Mar 95

[FBIS Translated Text] The latest report on sugarcane planting efforts indicates a nationwide deficit of over 300 caballerias, with Pinar del Rio and Granma Provinces showing the worst results. During February, over 700 caballerias of sugarcane were planted, however the goal was to have planted over 1,000 caballerias. The report points out that a very large part of that deficit occurred in Granma Province, a territory which had surpassed its planting goal in January. The ups and downs of sugarcane planting are related to the sugarcane harvest's realization and to the small amount of mechanical resources available,—especially to the lack of tractors used to transport seed and prepare soil—as well as to the lack of motors, spare parts, and heavy machinery.

The accumulated work done in just over two months reflects that sugarcane planting is behind schedule by nearly 500 caballerias and Pinar del Rio, Granma, and Villa Clara Provinces are the areas where more work needs to be done.

Panel Discusses Prostitution in Cuba

FL0903142695 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Mar 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guests Renato Recio, and Eloy Concepcion—live or recorded]

[FBIS Translated Text] [Roque] Prostitution is a very current issue, which we have been meaning to broach in Straight Talk some time ago, due precisely to the reactions it provokes in many people.

[Recio] I agree, prostitution is a topic that troubles people. It does not matter how extensive the phenomenon might be; it worries people because prostitution affects dignity, good habits, and the morals which are part of our culture, and which we want to preserve.

Illegal money changing [jineterismo] has been associated with the prostitution problem in recent times. However, in its beginning, it was related to the illegal exchange of foreign currency and pesos between foreigners and Cubans, when some Cubans illegally traded in the currency black market.

[Roque] Yet, nowadays things are different.

[Recio] The meaning of the word has broadened, and it has acquired a female connotation, which I believe is somewhat unfair. Women practicing illegal money changing are more visible perhaps; however, there are also men involved, who participate in illegal exchanges, and also in the exchange of sexual practices for payment. Thus, it is worth noting that there are male and female participants [jineteras y jineteros].

[Roque] Yet society is more concerned about women.

[Concepcion] I might add that there are also men promoting these activities, who make them possible. However, we do not need to exaggerate the problem. I do not want to make absurd comparisons, but we must realize that prostitution is worldwide, more or less. I would say that it is not a big problem in Cuba. However, many of us are now shocked, because this practice, which used to have a low profile, has become visible now that Cuba has opened to tourism, joint enterprises, many visitors, etc., and due to the critical economic situation. Hence, we can see the situation now, and we are annoyed.

We should discuss the origin of this problem though. There are individual instances—each individual is said to be a world—yet, many times—most of the time, I believe—prostitution is caused by family disintegration. The parents of these comrades conducting the unsettling business of selling their bodies are the cause. Whereas, there are also those people who sell their bodies, and their souls as well, which is more annoying and worthy of criticism.

[Roque] We should thoroughly discuss the problem, and find out how society could avoid its happening, in addition to finding the cause. We need to at least look for a solution, which I am aware we do not have now.

[Recio] I agree, however I would like to talk a bit more about the causes. It is said that this situation is connected to the economic problem—or the economic crisis to be precise—which Cuba is suffering since the fall of the socialist bloc. I agree that the crisis encourages relaxation, the loss of certain principles, values, and ethics.

Currently, the crisis is abating somewhat—certain inequalities have arisen as a result, due to the opening to

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foreign investment, to tourism, and to the increasing relations with the business world. This is true, and has its impact. However, I do not accept anyone justifying corruption with necessity.

Eloy stated that certain problems and causes existed even before the special period, yet we were not so aware of them. Nobody needs to become corrupt to survive, yet I see that many people have an urge to consume. Cubans are struggling to survive, to resist, but we do not need to corrupt ourselves. Yet, there are some people who cannot confront austere living conditions and a difficult, but honorable life.

Nobody is dying of hunger in Cuba. Nobody is homeless. Thus, there are no justifications for people saying that they are selling their bodies and souls, becoming criminals, and embracing corruption to save their lives. This is not true; there are no lives in danger. The truth is that some people want to consume more than everyone else, and they do not have any other alternative but selling themselves. This is the reason why I do not justify these situations.

[Roque] Rightly so. It is a matter of consuming and not surviving. Consumerism is the issue.

[Concepcion] A simplistic evaluation of the situation can lead us to the silly idea that some people engage in illegal money exchange simply for dressing better, eating better, etc. Consumerism could be the main motivation in some cases. However, the problem is more complex.

I remember the times when Cuba was capitalist—the third or fourth world capitalism which we used to have—when we had many needs, and I realize that this happens in other countries as well.

Ethical values are degenerating nowadays. I insist it is the problems inside the family, the problems of parents, and the whole society. In addition, I want to point out again that we do not need to exaggerate the situation. Cuba has a problem, linked to the problem of consumerism, or at least this is what we perceive, but it goes deeper than the loss of ethical values, due to the incorporation of capitalist elements. We are incorporating market elements to save the achievements of the Revolution, and this, together with films, and more foreigners every day, creates a consumerism spirit, which affects the minds of these female or male comrades, who are being lured by the thought of obtaining a simple yam.

[Roque] Going back to your idea, you were talking about the family, but the problem is that many of these girls—referring to women—are uncontrollable. They are adults and they do what they please. In this case family control is very difficult. I can see families controlling women who are young girls or in their teens, but not older women.

[Concepcion] Yes, we are facing this problem and I am of the opinion that this problem existed before, more or less; we have always had this problem. This problem is something that exists in any society. No society is free of problems. The majority of our women have dignity. However, this is a reality that exists and it is not resolved through repression or persecution. This reality can be solved by going to the core of the problem, and I insist the family is at the core.

[Roque] We are analyzing how society can resolve this problem. It will be very difficult. I know it will be very difficult. I think it will be very difficult to change the attitude of the women who are prostituting themselves today.

[Recio] I insist that female and male prostitutes are people who sell their bodies and souls. What do I mean by this? Well, why do they sell themselves? For the sake of consuming. I am going to explain what consuming is, therefore avoiding any misunderstandings. A consumer is someone who judges a person's value based on how they dress, their shoes, their jewelry, how much they eat, what brand of canned beer they drink, and similar things. They are ostentatious about how and what they consume. They think they are more important the more they consume. That is a typical case of consumerism. That wish to be different from the rest drives certain—as Eloy said, the very few—men and women to sell themselves. It also drives certain people to attitudes that are not revolutionary. In this program we have criticized those people who start to work for a corporation and immediately change their attitude. They start bragging about drinking canned beer and they do peel-outs with their cars. They change; they turn in to different people. They send their children to school with a ham and cheese sandwich just to show off in front of the rest of the children. That is consumerism. To maintain that status, those people would break social discipline and the codes of conduct. Therefore, I do not think that education is fundamental. In general, to avoid these things, society's and the family's education must be based on austerity. Education must teach people, from a very young age, moral values and above all, the value of intelligence. There are people here who are educating their children emphasizing the value of a new pair of shoes, of eating sweets, gum, hot dogs and pizza. Unfortunately, that is later going to give way to a certain manner of thinking.

[Roque] I agree, the differences that exist today are what push these people into wanting to be different from the rest of society.

[Concepcion] The problem rotates around prostitution, from the male and female point of view. As Renato said, there are those who entice others by being ostentatious, thus creating a situation which is not a major situation, but it does exist and we must fight against it. We must fight against it from an ethical and moral point of view. We must recover the ethical and moral values which have always existed in Cuban society. I am sure that they are not going to be lost, no matter how many measures are implemented to allow us to survive, triumph, and maintain the Revolution's accomplishments.

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[Roque] Can we sum up the issue?

[Recio] My first conclusion is that this problem should not be magnified. Prostitution is a symptom of corruption and in our society there are other symptoms of corruption, but they do not involve the entire population nor all Cuban women. I think that another issue is that the analysis of this phenomenon should be linked to tendencies of individualism and consumerism, which are beginning to appear. I also believe that society's basic need is to educate adolescents and children with regard to moral values. Educate them in a manner which teaches them that a person's value is not about what they wear, but about their intelligence and what they have in their souls.

[Roque] Renato Recio and Eloy Concepcion, thank you.

Dominica

Prime Minister Confirms Elections To Occur Before Sep

FL0903224795 Bridgetown CANA in English 1811 GMT 9 Mar 95

[FBIS Transcribed Text] Roseau, Dominica, March 9, CANA—Amid feverish political campaign activity by the three main political parties here, Prime Minister Dame Eugenia Charles has stated general elections will be held in Dominica before September. Dame Eugenia said Tuesday that it will definitely be before September, barely a month prior to the date elections are constitutionally due in the country. "Anytime before September-...that's all I can say," said Dame Eugenia.

Both the opposition United Workers Party (UWP) and the Dominica Labour Party (DLP) have been pressing for immediate general elections. But the prime minister has insisted that her government does not have to call elections before the constitutionally due date.

The statement came hours after the Dominica Christian Council (DCC) announced the publication of its 1995 election code similar to the one issued in the 1990 general elections.

DCC Chairman Rev. Isaiah Philip said he was convinced that now was the right time to issue the guidelines. "As far as information we have, the three main political parties are now moving their campaign into high gear even though a date hasn't been announced for election. We think that it is the appropriate time for the code of ethics," Rev. Philip said. The code contains guidelines for the political parties, politicians, party supporters, citizens, the media and religious leaders.

Meanwhile, Prime Minister Charles has dispelled rumours that she is considering contesting the Roseau central seat, even though she has announced her retirement from active politics. "We have four candidates and we are weighing them and deciding which one is the best for Roseau, and I am not one of them," said Dame Eugenia.

Haiti

Clinton To Witness Military Transfer 31 Mar

FL0903221095 Port-au-Prince Radio Metropole in French 1145 GMT 9 Mar 95

[FBIS Translated Text] U.S. President Bill Clinton will honor President Aristide's invitation and be in Port-au-Prince on 31 March to witness the transfer of power from the multinational force to the UN mission.

Michel Views Economic Cooperation With U.S.

FL0903235595 Port-au-Prince Radio Metropole in French 1700 GMT 9 Mar 95

[FBIS Translated Text] Haitian Prime Minister Smarck Michel has said that the U.S. delegation's recent visit to Haiti proves that the Haitian economy is opening up:

[Begin Michel recording] This clearly marks the beginning of cooperation between two private sectors. We can predict where there will be fallout. Some Haitian and U.S. companies have already signed contracts, and we expect that similar contracts will continue to be signed in the future. The agreements that have been signed open the Haitian economy. As for privatization, some studies must be conducted and laws voted on first. However, we will move in this direction. [end recording]

Michel announced several additional measures following the U.S. delegation's visit, including simpler customs procedures—especially regarding customs clearance and exemptions—and improved telephone and electronic circuits.

National People's Assembly Criticizes Aristide

FL1003001295 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Mar 95

[FBIS Translated Text] The National People's Assembly—APN—issued an eighth anniversary press release on 8 March criticizing President Aristide and the Michel government. The press release says that the struggle to establish true democracy and national sovereignty has only just begun and that the public demands that justice be served regarding the Michel government's attitude. APN claims that a pack of blatantly bourgeois opportunists wants to destroy the country. Harry Numa and Edouard Baker, Jr., the two signatories to the release, wonder: Where is the 16 December 1990 victory which allowed the Haitian people to vote down the Bretton Woods policy and the forces opposed to change?

[Port-au-Prince LE NOUVELLISTE in French on 8 March reports on page 16: "The APN's Harry Numa and Edouard Baker, Jr., have issued a press release criticizing President Aristide. They ask Aristide: Where is the

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memory of Charlemagne Peralte and his heroic anti-American struggle of 1915? What about the people's victory over the IMF, the World Bank, and the macoutes on 16 December 1990?"

[APN reportedly ends its release with these words, printed in Creole: "On the occasion of the APN's eighth anniversary on the field, APN is telling the Haitian people the struggle for democracy and the country's sovereignty has only just begun! The game is not clear! The game is dangerous! Opportunists are trying to make us take our enemies for friends!"]

Aristide Receives Women's Delegations

FL1003012095 Port-au-Prince Signal FM Radio in French 1130 GMT 9 Mar 95

[FBIS Translated Text] International Women's Day was celebrated on 8 March. President Jean-Bertrand Aristide received a delegation from the Women's Affairs Ministry led by Women's Affairs Minister Lise Marie Dejean, as well as many representatives from women's organizations, at the presidential palace. President Aristide said:

[Begin Aristide recording, in Creole and in progress].-..should have entrails not to understand what a child's hunger in front of his mother or in front of his father means. I know that throughout the country there are many women who suffer when they are broke, especially when they have not yet been able to get food for their children. [applause] I know many other women who have food to give their children who are aware of the problems we are talking about here. I have come to tell you today that you are not alone and that you have never been alone. When, for example, I am tempted to get angry because I have not yet seen how to solve a problem, I look for water, put some over my head, and quiet down to keep my cool, so I can continue looking for how to move forward. Similarly, you who are used to doing that have done it so much that very often the more you see that the house is not comfortable because there is no money in it, the more you find a way not to let the child see that you suffer very much in order to encourage the child. [end recording]

A demonstration marked the day in Gonaives: Gonaives women took to the streets to demand better living conditions from the Haitian Government. Wearing white clothes, the demonstrators demanded jobs, the opening in Gonaives of an annex of the Ministry of Women's Affairs and Women's Rights, and community stores so as to make the prices of essential food products drop. They also demanded justice for the women who lost their husbands or their children during and after the September 1991 coup d'etat. International policemen and members of the international civilian mission quartered in Gonaives were seen during the entire unfolding of this march, called for by an organization called People's Organization of the Gonaives Women [Organisation Populaire des Femmes des Gonaives]. This demonstration ended at the headquarters of the Coordination of the Neighborhood Committees of Gonaives.

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Finance Secretary Unveils New Economic Plan

PA1003033895 Mexico City Radio and Television Networks 0225 GMT 10 Mar 95

[Announcement by Guillermo Ortiz, Mexican finance and public credit secretary, at the National Finance Bank Building in Mexico City; broadcast in progress—live]

[FBIS Translated Text] ...request of the president of the Republic, I will outline the plan of action to strengthen the Agreement of Unity to Overcome the Economic Emergency. Mexico is confronting a severe financial crisis that is adversely affecting all spheres of the country's economic life. We Mexicans have lived through weeks of major uncertainty and even anxiety, because, despite efforts by society and the government, so far it has been impossible to overcome the adverse climate prevailing since the December 1994 devaluation of the peso.

Workers are legitimately concerned about keeping their jobs, small businessmen are concerned about the high interest rates smothering them, and housewives are watching helplessly as price increases undercut their families' standards of living. This is how people who were expecting a period of stability and growth suddenly found themselves: Now, facing a somber environment, they rightfully are demanding an explanation and an effective response from the government—a response that will allow them to regain confidence in opportunities that all of us are hoping will materialize in the mid-term.

Today, the president of the Republic instructed us to explain the economic strategy the government is proposing to society as the most realistic and most responsible alternative to overcome this crisis. Thanks to the Mexican people's determined efforts, we have proven at other equally difficult times that we can resolve adverse situations we find ourselves in, thereby laying a strong foundation on which to base growth and prosperity.

Within the past few years, we imported more goods and services from abroad than we exported. This difference constitutes what is called the foreign current-account deficit, which must be financed by foreign resources. This situation is similar to that of a household that spends more than it earns and that has to finance this difference by borrowing money. This strategy is tolerable as long as the household's or the country's deficit is moderate. Until 1994, the international financial markets had considerable resources available to allow Mexico to finance its current-account deficit, giving leeway to the country to invest and consume more than it had in resources.

Nevertheless, several causes prompted resources from abroad to contract. On the one hand, international investors decided to invest a greater proportion of their capital in developed countries and, in turn, reduced their investments in the so-called emerging markets, including Mexico. On the other hand, political and criminal events in Mexico created a perception of greater risk for investments. Therefore, with reduced foreign financing, the current-account deficit became unbearable, reaching 8 percent of GDP in 1994. Under these new conditions, it became imperative that we adopt a new strategy to adjust our economy to deal with reduced foreign resources.

To limit the sudden adjustment's effect on society, and in a bid to adjust consumption to end dependence on foreign resources, it was decided that it would be appropriate to gradually modify our economy to fit the new circumstances. This plan for a gradual shift also was based on the expectation that Mexico would continue to have access, albeit less access, to foreign capital. Anyway, this attempt failed. Continued adverse factors led to a heavy drop in our international reserves and to an excessive short-term debt in 1994. Without room to maneuver, in December the new government was forced to devalue the peso, thereby ruling out the possibility of a successful gradual adjustment.

In January 1995, the productive sectors and the government signed the Agreement of Unity To Overcome the Economic Emergency. The logistics of this program were based on the premise that although the economy would need to rapidly be adjusted to reduce the current-account deficit, it would still be possible to obtain resources from the financial markets to maintain a moderate deficit, as well as to refinance the public debt that was coming due.

Foreign financial markets, however, continued decreasing their financing of emerging markets, and this seriously affected Mexico and other countries.

In our case, the forecasts on which the Unity Agreement was based have ceased to be realistic, because it will be impossible to finance a moderate deficit of 4 percent of GDP. It is foreseeable that we may have to virtually eliminate our current-account deficit, and we may even have to make payments on our short-term debts.

Therefore, despite efforts by the productive sectors and the government to completely fulfill the pledges made in the Unity Agreement, the economic situation has not improved. Under these conditions, it is essential that we strengthen the strategy we have been implementing.

The program for 1995 primarily seeks to stabilize the financial markets in the short-term, thereby allowing businessmen to eventually see a gradual reduction of interest rates; to preserve the productive plan in order that, once this situation is overcome, workers will receive the benefit of job opportunities; and despite a temporary upsurge in inflation, to recover price stability within the mid-term to help all Mexican families.

The responsibility that should govern the administration's actions forces us to acknowledge that the short-term adjustments will comprise a difficult process for all Mexicans. However, it is the only way to overcome the crisis and lay solid foundations for recovery.

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There are no easy solutions. Alternatives that might avert short-term sacrifices would eventually lead to a more acute and certainly more permanent crisis.

If we fail to take the lead in carrying out the adjustment process in an orderly manner, by coordinating the efforts of the various productive sectors, we will run the risk—and we would do so within a context of greater uncertainty—of ending up with spiraling prices and salaries that could turn into hyperinflation, which would cripple the nation's production with even higher social costs.

In the financial sphere, a delay in adopting an effective action program would lead companies to a general failure to fulfill their obligations with the banking system, thereby harming the country's payments system operations.

The government, fulfilling its duties, has designed a complete and coherent proposal which, using various economic policy tools, is dealing with the current problems.

Basically, the Unity Agreement has been strengthened by four complementary lines of action:

1. An additional adjustment of public finances will be carried out to increase domestic savings.
2. Priority will initially be given to the stabilization of the financial markets through a stringent monetary policy.
3. Special attention will be given to financial problems in households, businesses, and banks.
4. Jobs will be protected and public development programs will be carried out.

At this point, I will describe the actions that are included in this program.

1. Fiscal policy. The public finance measures that are the key element in this proposal are aimed at increasing public savings. The health of the country's public finances must allow the government to cover all public expenditures without having to resort to indebtedness to ease the pressures on the financial markets, while helping to reduce interest rates. Therefore, a surplus in public finances will pave the way for the recovery of economic activity.

Consequently, this is a matter of living based on our own permanent resources, just like any family must do.

To reduce dependency on foreign savings, the original goal established in the Unity Agreement with regard to the primary surplus will have to be adjusted. Therefore, this surplus will be increased by more than 2 points of GDP, going from 2.3 percent in 1994 to 4.4 percent in 1995.

The government's first efforts must be designed to reduce spending. Consequently, programmed expenditures will be reduced by 9.8 percent in real terms over those of 1994. This means that there will be an additional real decrease of 4.7 percent in terms of the goals originally established in the Unity Agreement.

The adjustment will focus on public spending. The government will reduce its administrative cadres, eliminating programs that are not priority in nature, and do away with redundancy in the work force. Job openings will be frozen as of this date. Purchasing programs will be reduced and subsidies are reviewed. However, expenditures for existing productive investments will be maintained. New projects will be postponed.

In this entire effort to reduce spending, the government will give priority to social programs.

In addition to spending cuts, the magnitude of the fiscal adjustment and the present circumstances demand the promotion of measures to increase government revenues.

As was already mentioned, this will be done to ease pressure on the markets, facilitating a faster recovery of economic activity. In this regard, prices and public sector charges will be increased, and modifications to the value-added tax [VAT] system will be proposed to the National Congress. Gasoline and diesel prices will increased 35 percent under this program. LP [liquified petroleum] gas and electricity for residential use will be increased 20 percent effective 1 April. In both cases, the upward trend of 0.8 percent per month will be maintained.

Airport surcharges, federal road and bridge tolls, and railroad services will be increased 2.5 percent per month. The adjustment formula that has been used in the past will be applied to all other prices and fares, linking them to international indexes.

In this way, subsidies that are unjustified and many times unfair will be avoided. We will propose to the National Congress the necessary legal changes in order that, if it so approves, the general VAT can be increased from 10 percent to 15 percent as of 1 April, with the exception of the free zones and free border areas where the current rate will continue to be applied. Likewise, the proposal will call for the zero-rate system that is currently applied to all stages of production, processed foods, and medications to be applied only to the final consumer in the future. We must point out that, according to procedures outlined in the Fiscal Coordination Law, the tax measures being proposed will strengthen the finances of the states and municipalities. We also will promote private savings by proposing income tax mechanisms that encourage investment.

Price and tariff increases, along with tax changes, are required to prevent future increases in inflation by improving our public finances. If these adjustments are not made, the public finance deficit would have to be covered with an emission of money, which in itself constitutes a primary and permanent source of inflation,

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or it would have to covered by issuing public debt notes, which would spur the rise in interest rates.

Only by increasing government revenues and by working to reduce expenses can we stop inflation from remaining at high levels and avoid the horrible effects we have experienced in previous periods of spiraling inflationary.

2. Stabilization of the markets and exchange and monetary policy. An important part of the economic program is the package of financial support from international institutions, such as the IMF, the World Bank, and the Inter-American Development Bank, with whom we will continue to cooperate to advance this program. To this we must add the support given by foreign governments. This package, which represents resources that amount to close to $50 billion, will allow us to correct the most urgent problem confronting the economy: the instability in the financial markets.

In recent weeks, we have viewed with concern very high interest rates and a type of exchange that is undervalued with excessive fluctuations. All of this, moreover, is coming within a climate of constant speculation, as has been occurring in recent days in a very conspicuous manner.

The resources obtained from abroad will allow the authorities to continue to meet the payment deadlines for its short-term debt and to support the banking sector in complying with its obligations in foreign countries. This should result in less pressure and less uncertainty in the exchange market. Mexico's financial package will help alleviate the problem of instability in the financial markets, softening the substitution of short-term debt for medium- and long-term debts, thereby improving the makeup of our debt without increasing it.

Regarding exchange policy, we will maintain the plan to float the peso, which was adopted on 22 December 1994. The climate of uncertainty that prevails in the international markets, as well as the limited availability of reserves of the Bank of Mexico [Banxico], impede the implementation of a fixed exchange system for the time being.

The new program is intended to correct the root of the problem that has led to instability. Therefore, the implementation of organized monetary and fiscal policies will help Banxico gradually restore its international reserves, which will in turn allow the adoption of an exchange policy that will allow more certainty with respect to parity. The already existing coverage market [mercado de cobertura] will be maintained. For the same purpose of moderating fluctuations in the exchange rate and interest rates, a futures and foreign currency options market will be opened in Mexico. Moreover, we will remove obstacles to the realization of futures operations with the Mexican peso in the United States.

In the past few days, the peso has shown significant instability and is strongly undervalued. It is imperative for us to recover currency exchange stability, and the monetary policy will be designed to do this. Banxico has announced that, as part of its responsibilities, it is prepared to adopt the necessary measures to ensure exchange rate stability, including the adoption of monetary policy that is restrictive enough to ensure this end, together with sporadic interventions in the currency market. It is clear that, in terms of the floating rate, the central bank's monetary policy will serve as the anchor that will facilitate currency exchange and price stability, thereby preventing adjustments from turning into an inflationary spiral. It is foreseeable that with the implementation of the measures today announced, it will be possible to ensure in the short-term a substantial valuation in the exchange rate of the peso which, I repeat, is tremendously undervalued. In this respect, and in compliance with its constitutional objectives, the central bank has agreed not to increase domestic credit over the maximum fixed target of 10 billion new pesos in 1995. This will allow the strengthening of the exchange rate and the subsequent gradual decrease in interest rates.

3. Support to households, small and medium-sized businesses, and the banking system. Corporations, especially small and medium-sized businesses, have been severely affected by the devaluation and the rise in interest rates, which have abruptly increased their debt servicing programs. This situation has turned into an increase in overdue loans owed to banks, which has caused concern among investors as well as account holders. In this respect, the program is specifically designed to address this problem, which, if left unresolved to the satisfaction of all parties concerned, will only undermine the viability of the country's productive assets, as well as employment.

For this reason, the country's financial authorities, together with the Mexican Association of Bankers, have agreed to immediately implement a long-term restructuring program of all loans in the hands of enterprises, giving priority status to small and medium-sized businesses. Because of its depth and magnitude, this program is unprecedented. In addition, it constitutes a fundamental element in the reactivation of the economy. At first, this restructuring strategy will only include up to 65 billion new pesos, which is equivalent to nearly 13 percent of the commercial banks' total portfolio, and it will also increase loan maturity terms by as much as 12 years.

It is worth mentioning that the amount of credits that could be restructured under this program exceeds the total amount of the overdue portfolios of our commercial banks. In addition, the credits will be re-registered in investment units, the use of which in financial operations will be possible if the National Congress approves the initiative that will soon be submitted by the federal executive branch. The use of these new account units will largely alleviate the burden posed by servicing the debts, because it will prevent the accelerated payment of the real value of the debts triggered by inflation.

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The long-term reorganization of outstanding credits and their conversion into investment units will save thousands of businesses and will allow us to preserve a large number of jobs. The use of these units also will benefit those families that have mortgages. All of these strategies will in turn prompt an improvement in the credit quality of the banks' portfolios. It is also worth mentioning that, in order to decidedly promote self-employment and the development of microbusinesses, President Zedillo has instructed the Commerce and Industrial Development Secretariat to design and coordinate with other government agencies a nationwide program to deregulate and simplify procedures to open new family-owned microbusinesses. This program will reduce as much as possible the costs associated with setting up such businesses.

Meanwhile, the Savings Protection Banking Fund [Fobaproa] is an institution that has been and will continue fully protecting depositors and other bank creditors. Fobaproa has already set up a mechanism to guarantee that banks will always be able to meet the capitalization requirements mandated by the law to protect account holders and other investors who trust their money to them. Moreover, Fobaproa has implemented a credit program to support those banks that have faced difficulties in maintaining foreign reserves. Thanks to this program, banks have continued to meet all of their foreign debt obligations on time.

The authorities have heightened their supervision of financial intermediaries in an effort to apply necessary corrective measures and to guarantee the solvency and liquidity of these financial intermediaries. I want to add that just today we reached an agreement with the World Bank and the Inter-American Development Bank to kick off a special program to strengthen the Mexican financial system and to support social programs. As for the financial system, $2.25 billion will be earmarked through the National Banking Commission and Fobaproa. I repeat, this is being done to strengthen the Mexican financial and banking system.

For all of the above reasons, it is imperative for me to stress that no account holder or creditor of Mexican banks will lose their deposits or investments, as the law stipulates.

4. Salary policies and social program development. Defending jobs and the national production sector, as well as protecting salaries, were undeniable priorities for us as drafted this program. To prove this point, the government proposal consists of the following points:

First, promote a 10-percent increase in general and professional minimum wages for the period falling between 1 April and 31 December 1995.

Second, promote legal reforms to grant bonuses to workers who earn between two and four minimum wages, maintaining the benefits awarded to workers who earn up to two minimum wages.

Third, encourage freedom in negotiating collective labor contracts, inciting parties to agree on wage increases that are compatible with the goal of protecting jobs.

Fourth, bolster the incorporation of production agreements in connection with collective bargaining agreements.

Fifth, increase programs to employ 350,000 workers who were laid off, as well as 350,000 more inactive workers.

This program is also intended to protect the neediest peasants and workers through the following measures:

—Extend Social Security coverage, especially sickness and maternity insurance, which the Mexican Social Security Institute grants for two to six months to those who are temporarily without work.

—Bolster consumption subsidies, which currently exist for tortillas, wheat flour, corn, and school breakfasts, and others.

—Gradually deregulate prices of agricultural and cattle products so that they reflect production costs, thereby permitting Mexican farmers to gradually recover profitability.

—Encourage the creation of regional markets to encourage grain consumption in places that are near the regions that the grain is produced.

The preservation and creation of jobs is one of our basic concerns. This is why we will work with state governments to change agreed-upon programs that comprise the Social Development Agreement in an effort to give priority to creating more jobs for Mexicans. This will allow us to initially earmark 1.7 billion new pesos to create 550,000 jobs in the poorer rural areas and in the areas with the most difficulties to start productive activities, as well as in 22 cities in 18 states in which, because of current circumstances, employment conditions have worsened.

Ladies and gentlemen, tough times lay ahead. Extraordinary efforts will be needed in the immediate future to stop the process of economic deterioration that began so suddenly at the end of 1994. The program that the government is presenting today includes measures that undoubtedly will have a high price for the people of Mexico, but these costs are less than those that any other alternative could offer.

During 1995 we need to drastically reduce the current-account deficit, which in the short-term entails a reduction in economic activity, even though it is anticipated that this trend will reverse itself by the end of the year. Nevertheless, for the year, a decline of approximately 2 percent in the GDP is expected.

Furthermore, the peso's devaluation and the adjustment of public and private prices will result in keeping inflation at a level of approximately 42 percent by the end of the year, and it will show a clear tendency to decline in

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the second half of the year. The most difficult part of this adjustment will be evident within the next 90 days.

The benefits of this program will not be immediately noticeable, because they will result from the continuing activity of the various economic sectors. Nevertheless, with a united effort by all Mexicans, we should start to clearly observe a reversal of the adverse situation in the second half of the year.

The strength Mexicans have shown throughout our history allows us to be optimistic today, despite the difficult situation that clouds our vision of the future. The Mexican economy will recover growth in 1996, and this growth will be vigorous and inflation will be substantially less than the inflation we will face this year.

The chances for this program's success are based on what we have achieved through our own efforts in recent years—namely, an economy that is much more solid than the one we had in the past.

We must not think the progress we achieved has vanished because of our recent setback. On the contrary, it is realistic to suppose that our country's development opportunities will allow our economy to take off as soon as we overcome the current economic emergency, which will result in increasing the level of well-being for the entire nation. Thank you.

Zedillo, Economic Cabinet Meet To Discuss Plan Changes

PA0903192395 Mexico City XEW Television Network in Spanish 0430 GMT 9 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Members of the Economic Cabinet are meeting now with President Ernesto Zedillo at Los Pinos. It is a private meeting to analyze the adjustments that will have to be made to the economic program in order to cope with the crisis the country is experiencing.

Miguel Mancera, governor of the Bank of the Mexico, and the secretaries of finance and of commerce are attending this meeting. These gentlemen entered Los Pinos through door number one shortly after 2000. Their meeting is still going on; it is nearly 2300.

Francisco Gonzalez, a member of the Labor Party leadership who was also at Los Pinos today but for another meeting, said there is a possibility that the new economic program will be announced perhaps tonight or tomorrow, Thursday.

Spokesperson Denies U.S. Envoy's Remarks on Economic Plan

PA0903151995 Mexico City NOTIMEX in Spanish 0515 GMT 9 Mar 95

[FBIS Translated Text] Mexico City, 8 Mar (NOTIMEX)—Tonight, a spokesperson for the Presidency strongly denied a statement made by John Jones, U.S. ambassador to Mexico, regarding the terms of the economic adjustment program the Mexican Government will implement.

In addition, the spokesperson denied Jones met with President Ernesto Zedillo Ponce de Leon on Wednesday and said the U.S. diplomat was received by Luis Tellez, chief of the Presidency Office.

The U.S. ambassador to Mexico has told a U.S. television station from this city that he had met with the Mexican president and reportedly discussed the terms of the new economic adjustment program that will be announced soon.

Banxico Vows To Meet All Foreign Debt Obligations

PA1003015195 Mexico City Radio ACIR Network in Spanish 0000 GMT 10 Mar 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] Just after 1000 today, which is highly unusual, the Bank of Mexico [Banxico] released a communique that states the following:

The economic program that will be signed in the very near future to stabilize the Mexican economy does not contemplate any restrictions on foreign debt payments or any moratoriums whatsoever.

The communique states that the program is aimed at strengthening public finances, maintaining very tight limits on the central bank's real credit, and improving the positions of its debtors in general.

Therefore, according to the Banxico communique, a moratorium will not be declared on Mexico's debts with governments of other nations, and Mexico will fully and completely fulfill all of its obligations.

Banxico Sets Procedures To Standardize Payment Systems

PA0903171795 Mexico City REFORMA in Spanish 8 Mar 95 p 18A

[Report by Martha Trejo and Mayela Vazquez]

[FBIS Translated Text] The Bank of Mexico [Banxico] will establish new procedures for multiple-purpose banking institutions beginning on 17 March to adjust their payment systems to international standards.

The idea, according to Banxico, is to have additional instruments for the effective handling of transactions and to reduce the risk the central bank itself runs as it works with these institutions.

The procedures that will be modified are those regarding cash deposits in the national currency in Banxico, deposits with which, according to bank officials, the level

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of operations in the money market will be decreased due to the restrictions the central bank will impose on the institutions for overdrafts.

In the opinion of Banxico, the multiple-purpose banking institutions must open an account at its headquarters in the national currency, which will be called a unique account, an account that must have a monthly accumulated balance greater than or equal to zero.

Banking officials explained that Banxico will charge by the minute for overdrafts the institutions incur in their normal arbitrage operations, thus reducing its own risks in this type of transaction.

Those overdrafts exceeding the amount of the guarantees in securities will generate interest based on the 28-day Cetes [Treasury Certificates] rate. These overdrafts will be regarded as "operations contrary to healthy banking practices," and the central bank reserves the possibility of carrying out other actions in addition to the charging of interest.

Those operations that are guaranteed by securities issued by the government or other banks will not generate interest as long as they do not exceed 184 calendar days.

The officials pointed out that the level of operations in the money market will decrease because these will become more expensive. Eventually the banks will have restrictions on the number of short-term operations they can carry out in one day.

Government Reviewing Privatization of Pemex Pipelines

PA0903221295 Mexico City EL FINANCIERO in Spanish 8 Mar 95 p 5

[Report by Eva Lozano Estrella]

[FBIS Translated Text] The federal government is considering the possibility of privatizing some oil and gas pipelines owned by Pemex [Mexican Petroleum], regardless of whether it privatizes petrochemical plants that manufacture oil by-products. A government announcement on this issue is expected in the near future.

This is part of the reorganization of the Energy Secretariat, which includes the privatization of certain oil and electric power facilities. As a result of this reorganization, all mining-related departments—namely, the Under Secretariat of Mines, the Mineral Resources Council, and the Trusteeship for Mining Development—will comprise part of the Commerce and Industrial Development Secretariat.

According to reports, it is expected that the Energy Secretariat will exclusively comprise departments dealing with the energy sector per se: Pemex, the Federal Electricity Commission, the Electricity Research Institute, the Mexican Petroleum Institute, and Central Power and Light.

As for the Exportadora de Sal company, the authorities are debating whether to retain 49 percent of its shares or to sell them to Mitsubishi, which currently owns 51 percent of the firm's stock.

THE GAS OIL JOURNAL notes that the Agreement of Unity To Overcome the Economic Emergency includes the sale of unspecified key state enterprises to stop the abrupt collapse of the peso vis-a-vis the dollar. The magazine, which specializes in the energy sector, states that the controversial issue of privatizing part of the Mexican oil industry has reappeared as a result of the current economic crisis.

Meanwhile, officials in the energy sector said the privatization of 84 pipelines that transport petrochemical products for Pemex Petroquimica is being studied. The privatization of some gas pipelines, out of a total of 96, also is being studied, especially those that transport natural gas for the subsidiaries Pemex Gas and Petroquimica Basica. This latter subsidiary has announced it requires urgent investments of more than $4 billion, 50 percent of which are needed to improve the pipeline network and the rest for production. These investments would help lessen the chance of turning Mexico into an importer of natural gas.

Pemex recognizes it does not have enough resources to modernize the infrastructure of the 425 pipelines currently in place nationwide—pipelines that total 60,000 km.

Secofi Announces Several Foreign Trade Programs

PA0903174195 Mexico City LA JORNADA in Spanish 8 Mar 95 p 46

[Report by Patricia Munoz]

[FBIS Translated Text] Decio de Maria Serrano, under secretary for foreign trade and investment in the Secofi [Commerce and Industrial Development Secretariat], after stating that NAFTA requires no changes because "its benefits are already here," said that a national council for micro, small, and medium-sized businesses will be created. It will be tasked with establishing mechanisms to support this sector.

The official explained that this council will comprise members of the private sector and officials from the state secretariats connected with foreign trade and will support the foreign trade sector.

The goals of this organization will be to support sector development, agree on measures to lessen the effects of decapitalization, and prevent the closure of these types of businesses which employ a considerable number of workers.

In addition, Decio de Maria said that instructions have been issued so that all foreign trade programs become decentralized, especially the Temporary Importation

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Program to Support Exports (Pitex), in order to facilitate production sector operations.

He said that, in addition, a deregulation triangle will be formed, in which the federal, state, and municipal governments will analyze the administrative red tape production sectors are facing, in order to eliminate it.

In his opinion it is not necessary to modify NAFTA because "its benefits are already here and will increase even more through the trade agreements with Central and South American countries that became effective this year."

He said that in 1994 sales abroad of manufactured goods surpassed $50 billion, in other words 21 percent more than in 1993.

During this same period exports of manufactured goods to the United States totaled $41 billion, in other words they increased 28.5 percent. Exports to Canada increased 17.4 percent, which means, according to the official, that NAFTA is working well.

He believes that oil exports are and will become the basic stimulus behind Mexico's economic growth in the coming years, and called on businessmen involved in foreign trade to increase competitiveness and to consolidate their participation in international markets.

New Information System for Aladi [Latin American Integration Association]

Secofi pointed out yesterday that it will establish an overall system of information and support for foreign trade for the Aladi.

This system is designed so that Mexican exporters and importers "can have up-to-date information on Latin American countries' prevailing trade regulations and thus give them a quick and modern instrument that will allow them to do business in the region."

Mexico would be the second country, after Colombia, to install this new system, which will be of great use in this new stage of prospective business deals with countries within the Latin American community, because following up will be possible on whatever is agreed upon.

Regional Development Official on Solidarity Program

PA0803184795 Mexico City REFORMA in Spanish 6 Mar 95 p 12-A

[Interview with Enrique del Val Blanco, assistant secretary for regional development in the Social Development Secretariat, by Rossana Fuentes Berain; place and date not given]

[FBIS Translated Text] [Fuentes] The [National] Solidarity [Program] soap opera has prevailed for six years in Mexico. What happens to Carlos Salinas de Gortari's favorite program now that Ernesto Zedillo's six-year term has started?

"It stays," it was categorically stated by Enrique del Val, assistant secretary for regional development in the Social Development Secretariat, who indicated that the allocation for this program (8.8092 billion new pesos in 1994 for sector 0026) not only remains but will increase.

[Del Val] "Perhaps it is a matter of seeing less ads but the programs are still functioning, they are still being carried out for the people, and we will work toward an appropriate decentralization, as President Zedillo requested, so decisions are adopted by the municipalities."

[Fuentes] And the loss of jobs?

[Del Val] "We currently have a surplus of staff, what we lack are jobs," Del Val admitted, but he emphasized that this is the same all over the world and not only in Mexico.

"A change in the definition of employment is necessary, hence the importance of this summit [World Summit for Social Development], to exchange experiences, perspectives....in fact, the best way to combat poverty is to provide employment, give people an income."

[Fuentes] Solidarity. Was it a vote-seeking program? Was it the PRI (Institutional Revolutionary Party) petty-cash box"?

"Solidarity has never been a partisan program," Del Val hastily says and he refutes critics. Juan Molinar and his study of the districts lost by the three-color party in 1988 and higher expenses in sector 0026 "are wrong, they prove nothing."

[Del Val] "I find it difficult to think that anyone can say that more Solidarity plans were carried out in a given neighborhood, which voted for this or that party, while less were carried out in another one. You must investigate more, talk to the people, ask them if there were any strings attached. We have supported all the municipal presidents of all the parties with resources."

[Fuentes] Discretionary expenses and poor use of resources in Chiapas?

"No," but the reply seems to distress him. What is happening in Chiapas worries him and keeps him busy. He spends several days of the week there, where—in addition to poverty—they now have a war, displaced people, and refugees.

[Del Val] "It is one of the states with the highest level of poverty. Countless community plans were carried out, but they could not solve in five years what were anncestral problems dealing with land ownership and local political problems."

He said: The challenge will be to iron out differences.

[Fuentes] What does social integration mean for Mexico?

[Del Val] "Efforts toward more democratization in the country; for a greater participation of the people in the

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making of decisions; more opportunities for the women and groups of what are termed handicapped people."

He ponders and returns to the subject. He realizes that he did not mention an issue and it is evidently linked with Chiapas. He adds Mexico will bring up another basic issue in Copenhagen: "Much more respect for the Indians; this is one of the basic issues."

[Fuentes] Is Mexico a country of disparities?

[Del Val] "We are not the only ones but we cannot let this worsen; it is essential that we reduce this."

He rejects figures and reports on a country with 24 rich (reduced to 11 due to the devaluation) and 40 million poor men. "This is not a game of numbers; it is simply that the disparity does not apply."

[Fuentes] Is this a summit with realistic perspectives or just an opportunity to pose for a photograph?

[Del Val] "The most important thing is that concern should prevail at the international level concerning the fight against poverty, the promotion of employment, and that the basic issue of development should be recognized. After that we must wait for specific actions at the regional level to jointly fight poverty."

Pemex Levies High Interest Rates on Customers

PA0903191495 Mexico City REFORMA in Spanish 8 Mar 95 p 26A

[Report by Gabriela Amador]

[FBIS Translated Text] Because of the national financial crisis, Mexican Petroleum (Pemex) is charging its contract customers annual interest of 108 percent. Occasional buyers are facing 198 percent interest. This is according to unofficial sources.

Buyers of the parastatal company's products have pointed out that as recently as February Pemex charged 11.25 percent interest to customers who failed to make payments.

According to various sources, the interest rates levied by the parastatal company on late payments are set by tripling the average percentage cost for contract customers and by tripling the average interbank interest rate for occasional customers.

Between the beginning of March 1994 and March 1995 there was a 75 and 162 percentage point difference, respectively, in the interest rates levied on payments in arrears.

The national oil company's regular commercial policy has encouraged about 75 percent of its customers to maintain contracts, both long term and indefinite.

The formula used by Pemex to collect these payments in 1994 yielded average monthly interest rates of 5 percent from its customers in arrears.

Pemex has rejected claims by industrialists that it should not set such rates because it is not a financial institution. Pemex argues that this is a means of preventing a large portfolio of arrears from developing.

Customers of the parastatal company say they are doing everything they can to avoid being part of the company's portfolio of arrears.

Despite the heavy burden that additional payments entail, industrialists have not negotiated any kind of support from the parastatal company. They even admit the dollar rate used by Pemex to establish the prices of its products has helped them overcome the crisis.

Peasants' Blockade of Pemex Complexes Suspends Gas Supply

PA0903175695 Mexico City REFORMA in Spanish 7 Mar 95 p A-2

[Report by Carlos Mari]

[FBIS Translated Text] Chiapas—Pemex [Mexican Petroleum] has reported that the blockade of the Cactus and Nuevo Pemex petrochemical complexes by groups of peasants from Chiapas and Tabasco who have demand compensations has caused the suspension of the liquid gas supply to the southeastern part of the country.

The displeased peasants set up six roadblocks along the six highways that are located between the limits of Chiapas and Tabasco and that lead to the industrial centers, where at least 3,000 people work, and they have blockaded the "Boca de Limon" Bridge in the limits of these two states.

The parastate enterprise has stated: "(These actions) create the risk of accidents at the Nuevo Pemex and Cactus petrochemical complexes, as well as the Cactus LPG [liquid petroleum gas] Terminal."

Jose Luis Alvarez, coordinator of the parastate enterprise's Community Service, has said Pemex has opted to transport its workers by helicopter, due to the blockade carried out by approximately 2,000 peasants, while it has suspended materials and machinery deliveries.

Pemex added: "The shipment of 2,000 tons of sulfur produced at the Nuevo Pemex and Cactus petrochemical complexes, from where they are sent to Coatzacoalcos, was also suspended."

The parastate enterprise has stated in a communique that it considers as unwarranted the farmers' demand to increase the area considered the parastate enterprise's declared damage zone.

The Cactus and Nuevo Pemex plants each have a full operating capacity to fractionate 113,000 barrels of natural condensed gas per day.

Sabino Romero Colin, leader of the displeased peasants in Tabasco, has said the parastate's waste has polluted tillable land in 23 communities as well as the Mezcalapa River.

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Rail Officials Cited on Privatization Plans

PA0903013995 Mexico City EL FINANCIERO in Spanish 7 Mar 95 p 19

[Report by Jaime Hernandez]

[FBIS Translated Excerpt] In light of the country's economic situation, it will be difficult to increase the transportation of merchandise via railway, and therefore, such an increase will depend on privatizing this means of transportation, according to Joaquin Montalvan, vice president and director general of the U.S. APL Co.

Montalvan pointed out that despite the progress achieved by the National Railways of Mexico (FNM), "it still faces problems because of a lack of locomotives, delays at border areas, and other kinds of breakdowns." In turn, this lack of infrastructure increases costs and fosters inefficiency in the transportation of merchandise.

Meanwhile, FNM Director General Luis de Pablo Serna told the foreign press that, in terms of railway privatization, "we must offer a mixture" of various types of investments to "attract" companies that want to participate.

He said, "We are trying to be open and not discriminate." He added that there are "different levels" of participation because of various business conditions in the country, "as is the case with the country's south, which is completely different" from other regions.

Arturo Garcia Torres, FNM deputy director for commercial services, said approval of the regulatory or secondary law of Article 28 of the Constitution is expected in April, and, after this occurs, we will look for companies interested in participating in railway privatization.

He admitted that because of the difficult economic situation facing the country, the FNM will only be able to collect 2.5 billion new pesos in cargo transportation fees this year, which is still a 15 percent increase over 1994, while the transportation of cargo is expected to increase 3 percent from 52 million tonnes to 53.6 million tonnes. [passage omitted]

Arturo Garcia Torres pointed out that 95 percent of the FNM's revenues originate from transporting goods, while the remaining 5 percent comes from commuters. Moreover, he added that given current economic conditions, there is clear evidence of a pending decline in imports.

In this respect, the FNM forecasts that some 55.5 million tonnes of cargo will be transported by rail in 1996, and 57.1 million tonnes in 1997. If this forecast comes true, it will mean that over the next two years, railroad services will have increased by barely 10 percent.

In addition to this, according to Luis de Pablo Serna, commuters are dissatisfied with the passenger service offered by the FNM and prefer to use other means of transportation, even if the alternative is more expensive. Some routes could even be canceled as long as they do not affect the people's transportation needs.

The FNM general director acknowledged: "When compared to Mexico City's subway, the total number of passengers transported daily by rail nationwide in 1994 represented one and one-half days of operation of just the city subway system. Slightly more than 5 million people commute on the capital subway system, while the railroad system moves only 7 million commuters nationwide."

In this respect, he proposed, an evaluation will have to be made of the feasibility of maintaining the railroad passenger service.

IMSS Figures Show Increasing Unemployment in Jan

PA0903191595 Mexico City REFORMA in Spanish 7 Mar 95 p 13A

[FBIS Translated Text] January employment, as measured by the number of permanent employees registered at the IMSS [Mexican Social Security Institute], was 8,690,700 persons, which is 122,800 less than in December 1994. Most of the people who left the IMSS (91.6 percent) worked in business, manufacturing, and construction.

Permanent employees registered at the IMSS (thousands of persons)

	December 1994	January 1995	Absolute Variation
Business	1,776.3	1,730.2	-46.1
Manufacturing	2,956.5	2,929.7	-26.8
Services (Footnote 1)	2,704.8	2,679.7	-25.1
Construction	291.3	276.9	-14.5
Transportation, Communications	499.5	493.7	-5.7
Agriculture (Footnote 2)	409.0	405.4	-3.6
Mining	65.9	64.6	-1.3
Electricity (Footnote 3)	110.1	110.5	0.3
Total	8,813.5	8,690.7	-122.8

Footnotes

(1) Includes services rendered to companies, persons, homes, social, and community institutions.
(2) Includes livestock, forestry, fishing, and hunting.
(3) Includes production and distribution of potable water.

Statistics: Roberto Aviles

Source: REFORMA with IMSS figures.

Concanaco Proposes Strategic Business-Industry Alliances

PA0903183695 Mexico City EL FINANCIERO in Spanish 7 Mar 95 p 27

[Report by Rebeca Lizarraga R.]

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[FBIS Translated Text] In view of the serious trouble provoked by the economic crisis, the country's business sector on 6 March proposed the establishment of "strategic alliances" with industry to promote cooperation between the two productive sectors.

A document released by the Confederation of National Chambers of Commerce's [Concanaco] Economic Studies Directorate states that, if such "strategic alliances" are not created, suppliers will take revenge because many local products were recently displaced by imports.

Therefore, local producers are expected to try to impose unacceptable terms on trade, including conditioning the delivery of supplies on the inclusion of undesired goods in orders, moving substandard goods through ahead-of-schedule payments, or establishing minimum and maximum supply levels.

Concanaco's study regards as positive the fact that local products must have a better turnover than foreign products. Consequently, those businesses which specialize in imported goods will have to reconvert to overcome the crisis and meet the new market demands.

In this context, the document states, this will be the order of priorities: maintaining promotion mechanisms, speeding up the creation of strategic alliances between business and industry, encouraging cooperation between suppliers and manufacturers, lowering costs, establishing production and training plans. This will permit the effective production of several types of goods.

According to the document, businessmen should understand that the financial crisis also constitutes an opportunity to consolidate national businesses, both productively and financially. For this reason, manufacturers, businessmen, and financial services must attach priority status to the needs of small- and medium-size industries, which constitute the majority and that, therefore, support jobs and the national economy.

The study also refers to the outlook of the domestic market which, in addition to a contraction, will experience a change in consumption patterns. As a result, commercial sales will shrink in the early months of 1995 but are expected to increase in the second semester and make it possible for businessmen to recover the income lost.

The low economic growth that will take place in 1995 and all of its consequences, including high inflation, a restrictive monetary policy, high average interest rates, and few new jobs, make it necessary to take additional measures to help businesses survive.

Among these measures, the study recommends privatizing parastate businesses, lowering taxes on small businesses, and establishing long-term debt amortization systems.

Coparmex Document Urges Revamping Political System

PA1003013195 Mexico City UNOMASUNO in Spanish 8 Mar 95 p 9

[Report by Amalia Frias Santillan]

[FBIS Translated Text] Coparmex [Employers Confederation of the Mexican Republic] will declare at its 66th regular National Assembly that "the current crisis that exists in Mexico, rather than being caused by technical-economic elements, was prompted by flaws in the political system more than anything else. These flaws have prevented a steady, constant, top-to-bottom development process from taking place, allowing the government to act in a secondary capacity while society plays the leading role.

The main demand to be made on Ernesto Zedillo Ponce de Leon's government by the management sector is that it find "effective solutions rather than stopgap measures to correct problems. Programs are needed to permit businesses to survive and maintain productive jobs. Otherwise, the nation will suffer a generational setback. There also is a risk of falling into cynicism, violence, and stagnation."

The basic document of this assembly, a copy of which has been obtained by UNOMASUNO, is entitled: The Mexico of Realism, Hope, and Alternatives. It notes that Coparmex, in addition to electing a new president following the conclusion of Antonio Sanchez Diaz de Rivera's term, will offer insight into the crisis, starting with the recognition and acceptance of national reality and proposing viable options to revitalize Mexican enterprise.

Part of the document entitled "The Mexico of Realism" notes in general terms that great attention must be paid to Mexico's economic reality, because if the current situation is not resolved, the crisis could set the country back a generation.

This assembly, in which the two principal candidates to occupy the presidency of Coparmex are Carlos Abascal Carranza and Rodrigo Guerra Botello, also will note: "in terms of social concerns, it is necessary to unabashedly note that there are millions of Mexicans who live in extreme poverty and a middle-class sector that is tending to disappear."

In terms of political concerns, the document states:

—We are living with the death throes of a system that refuses to pass away and the pending birth of another that is yet undefined; this is a difficult period of transition toward full, representative democracy which can be thwarted by the temptation of authoritarianism and a return to populist policy.

The portion of the document entitled "The Mexico of Hope" notes that:

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—In light of the existing situation, feelings of discontent and apathy have been universal. The worst thing is to be gripped by desperation and immobility, because this can only lead to cynicism, violence, and stagnation.

To the question is this: What basis do the Mexican people have to continue progressing on our path. The management sector's response is as follows:

—First, it must be established that we want to be successful in Mexico. We must establish realistic goals and have leaders to secure these goals. Second, our hope must be based on faith in ourselves, in the values of humanity, and in the possibility of change and achieving perfection.

The management sector's commitment to respond to the current crisis "not only is of a technical nature, but is based on social leadership, as part of its role as a backbone of society to guide us to the kind of country we desire and to secure sustainable development, a market economy with social responsibility, and participative democracy."

Another demand to be raised by businessmen is that "there be effective solutions rather than stopgap measures to correct problems. Changes are not only requested, but demanded. A dialogue is needed, followed by a debate on submitted proposals. Baseless, evasive, or negative responses will not be tolerated."

The proposals that will be submitted to an in-depth analysis by Coparmex to emerge from the crisis are divided into four groups:

To reduce the country's fiscal, economic, democratic, and political costs.

Also, it is noted that the changes demanded by the country in general and businesses in particular must be directed at resolving not only immediate problems, but also future ones.

The goal, according to the basic document, is "to seek sustained development, which implies growth, respect for the environment, and equal opportunities that can be obtained through the vigorous promotion of small businesses."

The final part of the text, entitled "Participative Democracy As a Political Option," explains:

—We are in a process of transition in which the political regime has expanded its lack of plurality and competence. Every day it becomes clearer that there are circumstances and affairs of public interest that exceed its existing potential.

—The increasing phenomenon of the people's independent participation in expressing their demands requires a path that will fully guarantee liberty, human dignity, justice, and a genuine de jure state.

Crisis Triggers Shutdowns, Layoffs in Five States

PA0903163695 Mexico City LA JORNADA in Spanish 7 Mar 95 p 44

[Report by Gerardo Rico, Juan J. Guadarrama, Carlos Camacho, Carlos A. Gutierrez, and LA JORNADA DE ORIENTE staff]

[FBIS Translated Excerpt] The cement, garment, manufacturing, and processing industries as well as the trade sector in the last few days have closed plants and laid off hundreds of workers in Jalisco, Puebla, Guerrero, Hidalgo, and Aguascalientes.

Directors from these plants and officials explained that the shrinking of the market due to the peso devaluation, unfair international competition, and the lack of liquidity of many industrialists are the reasons for this situation.

According to a study conducted by the Economic and Regional Studies Institute [Intituto de Estudios Economicos y Regionales] (Ineser) of the University of Guadalajara, 13,000 jobs were lost in the first 40 days of 1995.

The study stated that there were 788,000 workers in December 1994 and that by 10 February 1995, this figure had dropped to slightly more than 775,500. [passage omitted]

Jorge Zarate Montano, Canacintra [National Association of Manufacturers] president, said that five manufacturing and processing companies have closed in the last 15 days and that 1,300 jobs were lost in Puebla.

He recommended that businessmen keep jobs open, pay suppliers, purchase raw materials, pay IMSS [Mexican Social Security Institute] contributions, fulfill fiscal obligations, and, only after all this is done, pay debts owed to banks. He explained that this situation does not imply a moratorium, but a prioritization, because keeping jobs open is essential at this time. [passage omitted]

In Acapulco, Guerrero State, Fernando De la O Gorgon, president of the Retail Business National Chamber of Commerce (Canacope), reported that 1,000 businesses have shut down during the current year due to the economic crisis. He explained that of the 4,500 members Canacope had in 1994, 50 percent faced a crisis during the first few months of 1995 because there was no favorable financial solution.

He maintained that "if the private banks do not provide financial support," more than 1,200 businesses will close within the next few months. He predicted that the problems businessmen are facing will worsen between May and October due to the decline in tourism. [passage omitted]

In Hidalgo State, the Miguel Hidalgo Refinery, owned by Mexican Petroleum (Pemex), is cutting down on overtime and has implemented a hiring freeze. These measures are adversely affecting 3,000 plant employees and have left 50 percent of the 1,000 temporary workers without jobs.

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Leonel Pulido Avendano, secretary of Section 35 of the Mexican Oil Workers Union, explained that fuel production and the refinery's production activity have not decreased; they have only declined in nonstrategic areas such as upkeep and maintenance. In other words, the work decreased, but production did not.

Meanwhile, the Aguascalientes garment industry is currently operating at 50 percent of its capacity, Sergio Lopez Valdivia, president of the Garment Industry Chamber, reported. He pointed out that 12 businesses and groups suspended their payments and that technical strikes are expected in certain businesses in the next few days.

"Suspending payments is not the best alternative," he said, adding that this is the only way out that the circumstances offer to thousands of businessmen whose loans have come due and whose revenues have diminished, especially in the last few months.

Yucatan Corporations Confronting Liquidity Problems

PA0903183795 Mexico City LA JORNADA in Spanish 7 Mar 95 p 21

[Report by Luis A. Boffil Gomez]

[FBIS Translated Text] Merida, Yucatan, 6 March—Local banking sources have disclosed that Oleoproductos del Sureste, and Hidrogenos del Sureste, two of the regions' major corporations, had received precautionary notices about a moratorium on loans from Banamex [National Bank of Mexico] and Bancomer [Bank of Commerce], because of the $96 million owed these banks.

The corporations, both of which are headed by the Xacur Eljure family, owe $60 million to Banamex and $36 million to Bancomer, respectively.

According to banking sources, Jacobo Xacur, who represents both companies, received precautionary notices about a moratorium along with court orders.

The sources disclosed that Jacobo Xacur allegedly owns several Class B Banamex shares but that "it was of no advantage to him."

This family also owns several real estate companies and has a grain loading concession in Puerto Progreso.

The embargoed companies, especially Hidrogenadora, were considered the most financially stable in Yucatan for several years. Other Yucatan companies are also facing precautionary moratoriums because of their serious liquidity and debt problems. Banpais has two commercial lawsuits pending against P&P, Maderas Peninsulares, and Canteras Peninsulares, while Banamex has filed a lawsuit against Vitrolux.

New Peasant Chief Denies R. Salinas Ties Ousted Predecessor

PA0903193895 Mexico City XEW Television Network in Spanish 0430 GMT 9 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Surely it's not just because today is International Women's Day, but as of today a woman is directing the National Peasant Confederation [CNC].

At CNC headquaters in Mexico City, the special rural council elected Beatriz Paredes Rangel as the new acting secretary general of the CNC. Maria de los Angeles Moreno, president of the National Executive Committee of the Institutional Revolutionary Party [PRI], administered the oath of office to Beatriz Paredes Rangel, who said that those who elected her may rest assured that she will be a factor of unity between the peasant old guard and the new trends.

PRI leader Maria de los Angeles Moreno denied that Hugo Andres Araujo has retired from the CNC because of his ties with Raul Salinas de Gortari and Manuel Munoz Rocha.

[Begin Moreno recording] No, not at all. Our companero Hugo Andres Araujo has other activities and important tasks to do. One thing has nothing to do with the other. [end recording]

The PRI leader says that the change is meant to revitalize the CNC. Beatriz Paredes will be acting CNC secretary general until August, when the CNC will hold elections.

In the afternoon, Mrs. Beatriz Paredes Rangel resigned as under secretary of government. She has been replaced by Luis Maldonado, director general of government, who will act as under secretary of government until a new under secretary is appointed.

Deputies Exonerate Salinas in Connection With Crisis

PA0903222395 Mexico City UNOMASUNO in Spanish 8 Mar 95 p 9

[FBIS Translated Text] Yesterday, the Chamber of Deputies subcommission in charge of a preliminary review exonerated former President Carlos Salinas de Gortari, former Secretaries Pedro Aspe and Jaime Serra Puche, and Bank of Mexico Governor Miguel Mancera Aguayo of any responsibility in the financial crisis, which in December sparked an abrupt devaluation of the peso and massive capital flight.

In a report issued yesterday, the subcommission ruled that former President Salinas de Gortari cannot be interpellated because Article 108 of the Constitution states he can only be charged with treason or serious

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crimes against the people, which excludes the accusations leveled by the PRD [Party of the Democratic Revolution].

In its ruling, the joint meeting of the Government and Justice Commissions stated that the facts and arguments the accusing side presented against the former president are "legally irrelevant."

Regarding former Finance Secretary Pedro Aspe Armella, the PRD charged Aspe was aware of the country's economic situation and the current-account deficit but neglected to adopt necessary measures to correct the situation.

According to the reviewing subcommission, however, the PRD engaged in a flagrant contradiction "because, on one hand, it states that the necessary measures were not adopted and the public and legislative branch were not informed, while, on the other hand, it presents a partial transcript describing these actions and measures contained in the sixth government report issued by the Carlos Salinas de Gortari government."

The report added that although economic actions and measures could have been handled differently, they constitute no crime that warrants an interpellation, because they were conducted without violating the Constitution or federal laws.

Miguel Mancera Aguayo also was exonerated on the grounds that the accusers' assertions were merely subjective accusations that failed to provide any facts to establish a causal relationship that would prove specific actions or negligence led to the devaluation.

Poll: Most Want Carlos Salinas To Stand Trial

PA0903152595 Mexico City EL FINANCIERO in Spanish 7 Mar 95 p 44

[Report by Rodolfo Rojas-Zea]

[FBIS Translated Text] The Civic Alliance will send the results of a poll to the Congress of the union today. The poll was carried out on Sunday, 26 February throughout the country, and 644,406 (96.68 percent) of the respondents voted in favor of prosecuting Carlos Salinas de Gortari and his collaborators on charges of allegedly causing the peso's devaluation and Mexico's burdensome economic crisis.

Only 12,711 (1.91 pecent) of the respondents voted against a political trial, and 9,408 (1.41 percent) declined to express their views.

As for whether the Congress of the union should reject the U.S.loan package due to the risks it entails for the country's sovereignty and productive development, 536,575 (80.56 percent) of the respondents voted in favor; 87,049 (13.07 percent) voted against; and 42,456 (6.37 percent) expressed no opinion.

As for whether the government should resume a dialogue and negotiation and reject the use of military and legal action to resolve the Chiapas conflict, 598,496 (89.63 percent) of the respondents voted in favor; 47,230 (7.09 percent) voted against; and 20,496 (3.08 percent) declined to express their opinion.

These results, obtained with the support of 16,000 volunteers at 3,491 tables in 29 states and the participation of approximately 666,525 respondents, "confirm that the Mexican people have maturely and conscienciously expressed their views concerning these issues, which are decisive for our nation's future," said the Civic Alliance, Mexico's leading nongovernment organization.

The Civic Alliance added that "the different answers received for the three questions show that the poll was democratic, responsible, thoughtful, and participatory and should be taken into consideration and viewed in the context of Mexico's political reality."

The organization stated that "the results are trustworthy, given the seriousness and honesty with which the process was carried out," and it explained that "the vote at most of the tables was carried out in an atmosphere of harmony, considerable civic maturity, and without serious incidents; on the contrary, we acknowledge that despite certain isolated incidents, the state and municipal authorities guaranteed a smooth polling process."

"We are convinced," the Civic Alliance said, "that it is now up to the Congress of the union, political parties, and public opinion to ensure that the votes are taken into consideration, so that they will truly contribute to strengthening our institutions and democratic life."

Senators on Approval of Chiapas Peace Bill

PA0903161795 Mexico City XEW Television Network in Spanish 0430 GMT 9 Mar 95

[From the "24 Hours" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Today, Mexico's Chamber of Senators discussed and approved the Bill for Dialogue, Conciliation, and Dignified Peace in Chiapas following three hours of intense debate.

With 115 votes for, zero votes against, and two abstentions, by PRD Senators Felix Salgado and (Auldarico Hernandez), the Senate of the republic, as originating chamber, approved the Draft Bill for Dialogue, Conciliation, and Dignified Peace in Chiapas, with 10 modifications in seven articles.

The main changes and modifications are:

1. With the modification to Article 1, the EZLN [Zapatist National Liberation Army] is referred to throughout the text of the bill as the group of people identified as an organization of Mexican citizens, most

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of whom are Indians, who became dissatisfied due to several causes and became involved in the Chiapas armed conflict.

2. Article 4 states the suspension of the arrest warrants will be extended while the EZLN continues negotiations to sign the Concord and Pacification Accord.

3. Article 5 states the federal government will reach an accord with the EZLN on the calendar, agenda, and the foundations in general for the dialogue and negotiation of the Concord and Pacification Accord, which will propose by consensus the specific places for holding the negotiations. These places shall be agreed upon by the parties.

4. Article 6 states no weapons will be allowed at the negotiating sites.

5. Article 8 states the Commission of Concord and Pacification is created, which will be independent from the National Mediation Commission, which will serve as mediator.

6. Article 10 states a separate follow-up and verification commission will be created once the Concord and Pacification Accord has been signed or when negotiators deem it convenient. Representatives of the executive and legislative branches of Chiapas State will be asked to join this commission.

7. Paragraph 5 of Article 9 is eliminated. It had called for the attorney general asking to extend terms before enforcing the arrest warrants.

8. The wording of Article 11 is modified, omitting the expression federal government and the group involved in the Chiapas conflict to state that the commitments reached within the Concord and Pacification Accord will involve the federal government, the Chiapas legislature, and Congress representatives.

9. Provisional Article 4 of this draft bill is eliminated in keeping with the extension of the suspension of arrest warrants, given it will continue automatically.

10. A last minute modification will be made to Article 13, as proposed by the coordinators of PAN [National Action Party], PRI [Institutional Revolutionary Party], and PRD [Party of the Democratic Revolution] legislative blocs. Three lines of this article will be eliminated, establishing that the activities carried out by the government to respond to any attack will not entail noncompliance with the law. This paragraph was termed by PRD representatives Felix Salgado and (Auldarico Hernandez) as a possible trap for the arrest of the EZLN leadership.

The first representative to step up to the podium was PRI Senator Gustavo Carvajal, who said on behalf of the Justice Commission these modifications are aimed at getting the parties closer together. Five PRD senators, three PAN senators, and two PRI senators spoke from the podium later. Heberto Castillo of the PRD said:

[Castillo] "It is important to stress that this pioneering effort sets a precedent that will be healthy for Mexico. It is the first time legislators from different parties have participated in such a commission."

PRI Senator Oscar Lopez Velarde said:

[Lopez Velarde] "This approval demonstrates the democratic advancement made in our country by allowing dissent and cooperation among state branches."

The PRD's Hector Sanchez said:

[Sanchez] "Today, the government has changed its position and stated it is ready to resolve this conflict through peaceful and negotiated ways."

PAN's Luis H. Alvarez spoke about where Chiapas affairs must be discussed:

[Alvarez] "No matter how important or sensitive they are in Chiapas, their issues cannot be fully resolved in a place in the jungle or the San Cristobal Cathedral. The appropriate place for discussing and resolving national affairs is at Congress."

PAN representative Luis Felipe Bravo Mena highlighted the role the Armed Forces play:

[Bravo Mena] "We must spotlight the Armed Forces command's loyalty to the supreme authority and sense of responsibility in the defense of sovereignty. In carrying out their role, the Armed Forces have not adopted an intolerant role, making the political solution impossible to achieve."

The PRI's Pablo Salazar Mendigochea paid recognition to President Ernesto Zedillo for the effort to pass the Draft Bill for Peace.

[Salazar Mendigochea] I must recognize that behind this initiative is the honest fulfillment of the word and commitment of a president who respects popular sovereignty."

PRI Senator (Sammy Davidavid), in his capacity as chairman of the Board of Directors, closed the second special period of sessions convoked by the Congress Permanent Commission.

PRD President Porfirio Munoz Ledo, the only party president who attended the session, said later in an interview:

[Munoz Ledo] "This is a legal framework allowing the government to negotiate, but this is not yet the framework of negotiation, which must be established bilaterally. What is missing at that time will be defined: agenda, calendar, timetable, area, space, scope of negotiation. These issues must be defined bilaterally."

The draft bill approved by the Senate was forwarded to the Chamber of Deputies for approval.

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EZLN: Government Wants Military Solution

PA0803152695 Mexico City LA JORNADA in Spanish 5 Mar 95 pp 17, 18

[Statement issued by Zapatist National Liberation Army, EZLN, leader Subcommander Marcos "from the mountains of southeastern Mexico" on 20 February—words within italics as published; quotation marks as published]

[FBIS Translated Text] Gentlemen:

Here are some communiques. It is almost evening and things are looking gloomy. It is surprising to see the cynicism with which the obvious is denied: the decision to seek a military solution. We? Well, we are almost scraping the sky. It is the first time that something fell upward; I fell.

That's fine. Health and a well-sharpened penknife to cut through so much darkness.

From the mountains of southeastern Mexico.
Insurgent Subcommander Marcos.
Mexico, February 1995. *P.D. [expansion unknown] which tells of the events of 15 February 1995, the sixth day of the withdrawal. (We recommend reading this before each meal; it is an excellent dietetic.)*

"At dawn on 15 February we were going to drink urine. I say 'we were going to' because we did not do it. We all started vomiting after the first mouthful. Prior to this there was a discussion. Although all of us agreed that each of us should drink his own urine, Camilo said we would have to wait overnight for the urine to cool down in the canteen, and then drink it thinking that it was a soft drink.

In defense of his position, Camilo argued that he had heard on the radio that the imagination is capable of anything. I opposed, alleging that time would only make the odor of the urine stronger. I also warned that recently the radio stations had not been conspicuous for their objectivity. My other self alleged that the passage of time could make the ammonia settle in the bottom. "It will be the adrenaline," I said, surprised that the skepticism came from me and not from my other self. We finally decided to take one mouthful, all of us at the same time, to see what would happen. I do not know who began the "concert," but almost immediately we all vomited what we had eaten and other things as well. Our dehydration increased and we threw ourselves on the ground, like ninepins, stinking of urine. I do not believe we looked very military. A few hours later, before the sun came up, a sudden rain drenched us, quenched our thirst, and raised our spirits. At the crack of dawn on the sixth day we continued walking. At dusk we reached the outskirts of a little town. Camilo entered the town to ask for something to eat.

He returned with a little pork, fried and hard. We ate it right there without any caution whatsoever. A few minutes later the stomach cramps started. The diahrrea was memorable. We ended up on the ground at the foot of a wooded little hill. A federal patrol passed at about 500 meters. They did not find us because God is great. You could smell the feces and urine miles away..."

P.D. reiterates its rebellion.

They can bring more. They can do in all the towns what they have done in Guadalupe Tepeyac where, for each child or adult resident, they sent 10 soldiers; for each horse a war tank; for each chicken an armored vehicle. In total, there are 5,000 soldiers patrolling a deserted town and "protecting" a lot of filthy dogs and homeless animals. They can do the same in all the common lands, in all the areas, in all the settlements. Fill the entire Chiapas State with soldiers...

Despite everything and everyone, Mexico's southeastern mountains will continue to be rebel territory against bad government. This will continue to be Zapatist territory.

It will always be...

P.D. who explains and confirms.

It was not the EZLN that broke off the dialogue and resumed the war. It was the government.

It was not the EZLN that feigned political resolve while it prepared a treacherous military coup. It was the government.

It was not the EZLN that invented a plot to have reasons to justify the irrational. It was the government.

It was not the EZLN that detained and tortured civilians. It was the government.

It was not the EZLN that murdered. It was the government.

It was not the EZLN that bombed and machine gunned towns. It was the government.

It was not the EZLN that raped Indian women. It was the government.

It was not the EZLN that robbed and dispossessed the peasants. It was the government.

It was not the EZLN that betrayed an entire nation's resolve to settle the conflict politically. It was the government.

P.D. that points out the inconsistencies in the investigations conducted by the PGR [Office of the Attorney General of the Republic].

If the "Sup" [subcommander] had received political and military training with the Sandinists, by now he would have organized a "pinata" [give away] of the recovered farms, and he would already have expelled from the organization those who are critical. If the "Sup" had received training with the Salvadorans, he would already have given his weapon to Cristiani. If the "Sup" had

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received advice from the Russians, he would already have bombed Chechnya, pardon me, Guadalupe Tepeyac.

Besides, what other "millenary" and "fundamentalist" guerrilla group directed by "white university people" has ever carried out the military actions carried out by the EZLN in January 1994 or has broken a siege like that of December 1994? What other guerrilla group has agreed to talk only 50 days after having risen up in arms? What other guerrilla group has appealed not to the proletariat, a historic vanguard, but to civilian society struggling for democracy? What other guerrilla group has ever stepped aside so as not to interfere with an election process? What other guerrilla group has called for the creation of a national democratic, civic, and pacifist movement for the purpose of making war unnecessary? What other guerrilla group asks the rank and file what it should do before doing anything? What other guerrilla group has struggled for democracy, not for power? What other guerrilla group has resorted to words more than to bullets?

Note: Please send your answers to the allegedly vanished CISEN [Center for Investigation and National Security] to help it think the "modern" way. Send them to CISEN. The Office of the Attorney General of the Republic [PGR] is just a salary-paying front.

The P.D. calls himself "special prosecutor for the Sup case" and has invited the national and international civil society to act as a jury and to pass sentence.

"At such and such an hour of this or that month of this year, a male between the ages of five and 65 covering his face with a garment that looks like a sock with holes (what the gringos call "skimask" [preceding word in English] and the Latin Americans call "pasamontanas") has come before this P.D. The most noticeable personal characteristics of his face are two big protrusions, one of which is his nose, as was evident after he sneezed several times. The other, judging from the smoke coming out of it and the smell of tobacco, could be a pipe like those sailors, intellectuals, pirates, and outlaws use. Urged to tell the truth and nothing but the truth, this individual said his name is Marcos Montes de la Selva, the son of old Antonio and Mrs. Juanita; brother of Antonio Jr., Ramona, and Susana; uncle of Tonita, Beto, Eva, and Heriberto. This man, in full exercise of his mental and physical capabilities and under no pressure (other than being sought dead or alive by 60,000 federal soldiers) gave the following testimony:

First. He was born in a guerrilla camp called Agua Fria, Lacandona Jungle, Chiapas, on an August 1984 morning. The man with the voice said he was born again on 1 January 1994 and then again on 10 June 1994, 8 August 1994, 19 December 1994, 10 February 1995, and every second since then until the moment he made this declaration.

Second. In addition to his name, he has the following assumed names: "Sub," "Subco," "Marquitos," "Damned Sup," "Sup son of a...," and others we do not list because of consideration for the virtues of this Prosecutor's Office P.D.

Third. The man with the voice admitted that ever since he was born he has been conspiring against the shadows that darken the sky of the Mexicans.

Fourth. The man with the voice admitted that before he was born, he, being able to possess everything only to have nothing, decided to own nothing to have everything.

Fifth. The man with the voice admitted that he, in the company of other Mexicans, mostly Maya Indians, decided to demand compliance with a document he says he was taught at school, a document that points out the rights of Mexican citizens and which is called the "Political Constitution of the United Mexican States." The man with the voice stated that Article 39 of this document says that the people have the right to change the government. At this point, the P.D., careful to fulfill his duty, ordered the confiscation of such a subversive document and it burned without any consideration. Then he continued taking note of the statement by the man with the eye-catching nose and the contaminating pipe. The man with the voice said that being unable to exercise this right peacefully and legally, he and his accomplices (whom he calls "brothers") decided to rise up in arms against the supreme government and to shout "Enough" of the lies that rule our destiny. The P.D. was shocked by this blasphemy and trembled under the idea of being left without "a restful job."

Sixth. The man with the voice confessed that whenever he could choose between comfort and duty he had always chosen duty. This earned the disapproval of the people attending this preparatory session. The P.D. instinctively put his hand on his wallet.

Seventh. The man with the voice admitted that he has been irreverent toward the truths that are called supreme, except toward those that emanate from human beings. These truths, according to the deponent, are: dignity, democracy, liberty, and justice. A murmur expressing apprehension spread throughout the Holy Inquisition, excuse me, the Office of the Special Prosecutor.

Eighth. The man with the voice admitted that efforts have been made to threaten him, to buy, to corrupt, to jail, and to murder him and that he has not become scared, has not sold out, and has been neither jailed nor murdered ("so far," the P.D. quipped ominously.)

Ninth. The man with the voice admits that since he was born he decided it is better to die than to surrender dignity to those who have turned lies and crime into a modern religion. Such an unpractical proposition earned an ironic glance from those present.

Tenth. The man with the voice admitted that ever since then he decided to be humble toward the humble and

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arrogant toward the powerful. The P.D. added the charge of "contempt" to the other charges filed against the man with the voice.

11th. The man with the voice admitted he has believed and still believes in humankind, in man's ability to tirelessly try to be better every day. He admitted that he is specially fond of the Mexican people and that he has believed, believes, and will continue believing that Mexico is more than six words put together and a misused global product.

12th. The man with the voice admitted he firmly believes that the bad government should be overthrown by any means everywhere. He admitted he believes a new political, economic, and social relationship among all Mexicans and among all human beings must be built. It should be pointed out that these irreverent intentions made people at the Prosecutor's Office shudder.

13th. The man with the voice admitted he will dedicate up to the penultimate second of his life to struggle for what he believes in.

14th. The man with the voice admitted that acting pettily and egotistically, he will devote his last second to die.

15. The man with the voice admitted he is pretty much bored with the questioning. The Prosecutor's Office severely rebuked him for saying this and told him that the case has to go on until the supreme [not further identified] can find another story with which to entertain the people.

Following all the admitting, the man with the voice was urged to spontaneously declare himself either innocent or guilty of the following charges. He pleaded to all the charges as follows.

White people accuse him of being black. Guilty.
Blacks accuse him of being white. Guilty.
The people of Chiapas [autenticos] accuse him of being Indian. Guilty.
Traitor Indians accuse him of being mestizo. Guilty.
Male chauvinists accuse him of being a feminist. Guilty.
Feminists accuse him of being a male chauvinist. Guilty.
Communists accuse him of being an anarchist. Guilty.
Anarchists accuse him of being orthdox. Guilty.
The Anglo-Saxons accuse him of being chicano. Guilty.
Anti-Semites accuse him of being pro-Jewish. Guilty.
The Jews accuse him of being pro-Arab. Guilty.
The Europeans accuse him of being Asian. Guilty.
The government people accuse him of being in the opposition. Guilty.
The reformists accuse him of being a radical. Guilty.
The radicals accuse him of being a reformist. Guilty.
The "historic vanguard" accuses him of appealing to civil society and not to the proletariat. Guilty.
Civilian society accuses him of disturbing the peace. Guilty.
The stock market accuses him of ruining lunch. Guilty.
The government accuses him of provoking an increase in the secretaries of state's consumption of antacids. Guilty.
Serious people accuse him of being a comedian. Guilty.
Comedians accuse him of being serious. Guilty.
The adults accuse him of being childish. Guilty.
Children accuse him of being an adult. Guilty.
Orthodox leftists accuse him of not condemning homosexuals and lesbians. Guilty.
Theoreticians accuse him of being pragmatic. Guilty.
The pragmatists acccuse him of being a theoretician. Guilty.
Everybody accuses him of whatever goes wrong for them. Guilty.

Since there was nothing else to declare in this first preparatory deposition, the special prosecutor closed the session and smiled, imagining the congratulations and the check he will receive from his bosses.

P.D. who talks about what he heard on 16 February 1995, on the afternoon of the seventh day of the withdrawal.

And why don't we attack instead of withdrawing? Camilo asked me as we are halfway up the mountain, exactly when I am trying to breathe and not to fall down the slope on one side. I did not answer immediately and signaled him to keep on climbing. Once on top of the hill, the three of us sat. Night enveloped the mountains before the sky. On that unreadable moment when light is no longer light and darkness hesitates, something became audible.

I asked Camilo to listen carefully: What do you hear?

My other self answered: I hear crickets, the leaves, the wind.

I insisted: No. Pay attention.

Camilo responded this time: Voices...very far away... a tam, tam, tam, like a drum coming from there. Camilo points west.

I said: Right.

My other self said: So?

I explained: It is civilian society. They are shouting let there be no war, let there be a dialogue, let words not weapons do the talking.

Camilo insisted: What about the tam-tam-tam?

I said: Those are their drums. They are calling for peace. They are many, hundreds of thousands. The government does not listen to them and they are right there. We have to listen to them all the way here. We have to answer them. We cannot play deaf like the government does. We have to listen, we have to avoid war until we have no other choice.

My other self said: Then what?

Camilo responded: Then we will fight.

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My other self insisted: When?

When they go silent, when they get tired. That will be the black moment when we will have to speak.

My other self said: To fight.

I insisted: "We will do everything for their sake. If we fight, it is for them. If we stop fighting, it is for them. At the end, they will come out winners. If we die, they will have the satisfaction of having done all they could to avoid it, to avoid war. This is why they rose and they will not be stopped. Besides, they have in their hands the banners they must defend. If we survive, they will have the satisfaction of having saved us, of having prevented the war, of having demonstrated that they are better and can honor the flag. Regardless of whether we end up dead or alive, they will live and come out stronger. Everything is for them, nothing for us."

Camilo says he prefers his version: "Nothing for them, everything for us."

P.D. relapses into his nocturnal raving.

Forgetfulness, faraway lark, is the reason why we have no face. We cover our chest and our hopes with lead to kill forgetfulness with a few memories. If we meet in the air during an improbable flight, I will take from you garments and masks made of sweet lies and my lips and skin will create a better memory for tomorrow. This is why this message is being sent from the ground to the buildings. Listen carefully!

As an unperfect actor on the stage
Who with his fear is put besides his part,
Or some fierce thing replete with too much rage
Whose strength's abundance weakens his own heart;
So I, for fear of trust, forget to say
The perfect ceremony of love's rite
And in my own love's strength seem to decay
O'ercharg'd with burden of mine own love's might.
O, let my books be then the eloquence
and dumb presagers of my speaking breast,
Who plead for love, and look for recompense
More than that tongue that more hath more express'd.
O, learn to read what silent love hath writ;
To hear with eyes belonge to love's fine wit.

William Shakespeare Sonnet XXIII [sonnet published in English].

White lark, don't look for us below where you fly. Look for us above, where our pain took us, by the sun, the source of hopes.

P.D. who cannot give gifts on this birthday.

Heriberto's birthday is on 5 March. Some say he will be four going on five. Heriberto is in the hills. Soldiers now live in his house and there is a tank in his yard. The toys that Operation Toys provided must now be either in the hands of a general or in the hands of the PGR who could be analyzing it in search of some secret. Heriberto, who trained for what happened on 10 February, when the time came, forgot his favorite toy, a toy car he pretended to drive on the cement patio where coffee used to be dried. I am told that Heriberto comforts himself saying that his car was not going to function in the hills. Heriberto asks his mother if he will ever again have his little car and if the Sup will not give him any more chocolates. Heriberto has been asking his mother why last year's war is back and why his little car remained behind. Why? He asks. His mother does not answer. She keeps on walking with her child and her pain.

P.D. who remembers and quotes verses. Are they of Antonio Machado? These verses have to do with other matters but are appropriate. I

In my heart I once had
the thorn of a great passion
one day I yanked it hard
now I feel no emotion
Golden biting thorn
wish I could again feel
the heart from which you were drawn
II
Last night I had a dream
God was shouting: Alert!
Then God went to sleep
and I was shouting: Be awake!
P.D. who is bleeding endlessly
He has a chest wound
He is bleeding wheat
and there is no bread
to alleviate his hunger

The Sup is on top of the hill seeing how the sun is taking west the light that dies away.

Defense Secretariat Notes Increase in Drug Production

PA0803154695 Mexico City LA JORNADA in Spanish 6 Mar 95 p 21

[Report by Jesus Aranda]

[FBIS Translated Text] The National Defense Secretariat [Sedena] acknowledges in a report prepared by 10th Special Operations Section of the National Defense High Command that the harvesting and growth of poppy and marijuana has increased "despite efforts to control it."

In comparison to 1992 when the best results in history where recorded, the Mexican Army's involvement in the struggle against drug trafficking decreased significantly during 1994. The number of marijuana plants destroyed dropped from 171,371 in 1992 to 106,418 during 1994, and the number of hectares destroyed fell from 12,332 to 8,970 hectares.

With respect to poppy, the number of plants destroyed during 1994 was greater than in 1992, but still less than during 1993. Nearly 105,983 poppy plants covering 8,990 hectares were destroyed by the Mexican Armed

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Forces during 1994, while 105,414 plants covering 7,810 hectares were eradicated in 1992. On the other hand, 112,276 poppy plants extending over 9,276 hectares were destroyed during 1993.

Sedena emphasized, on the other hand, that the marijuana harvest declined throughout the country, which is exactly opposite to what is taking place with the growth of poppy.

Despite the Mexican Armed Forces having increased drug seizing and eradication operations during 1994—which enabled the destruction of 694,718 marijuana plants harvested over 52,953 hectares, and the eradication of 559,376 poppy plants farmed over 43,831 hectares—the Armed Forces acknowledge that problems still persist.

The report adds that five special counternarcotics operations, 10 national operations, and six regional operations were carried out throughout the national territory during the past administration, in addition to the permanent implementation of the Canador Plan.

According to Sedena, nearly 15,000 soldiers took part in national operations against drug trafficking, while regional operations involved 8,000 soldiers. The implementation of the Canador Plan involved 7,000 units, while 2,000 soldiers took part in Operacion Marte.

The report adds that 70 percent of the illegal harvest destroyed throughout the country was located in the states of Chihuahua, Durango, and Sinaloa.

As a reference point, it is worthwhile pointing out that the Army's involvement in counternarcotics operations has steadily increased throughout the past six years, reaching to its "maximum peak" in 1992.

During 1989, 82,973 marijuana plants extending over 6,341 hectares were eradicated, as well as 70,420 poppy plants, harvested over 5,343 hectares.

In 1990, the previous result was increased to 75,755 marijuana plants extending over 54,835 hectares, and 76,906 poppy plants over 5,956 hectares.

During 1991 the country's Armed Forces destroyed 117,000 marijuana plants extending over 8,909 hectares, in addition to 88,377 poppy plants over 6,456 hectares.

Information disclosed by the 10th Special Operations Section of the Armed Forces High Command explains that progress in the struggle against drug trafficking has been accomplished through the adequate use of personnel and resources contributed by the various territorial commands, which, according to figures released by each jurisdiction, "are able to act independently to that effect."

Marijuana Planting Decreases but Poppy Increases

Recent official figures indicate that marijuana planted during 1989 extended over an area of 57,900 hectares, yet marijuana harvested during 1993 did not surpass 22,000 hectares.

In the case of poppy plants, it has been estimated that 9,600 hectares were planted in 1989. Production increased in 1993, when 11,775 hectares were planted.

Finally, the report states that the number of hectares used to grow poppy plants increased in 1993 compared to previous years. This increase is attributed to an increase in the consumption of this drug and its benefits to producers. On the other hand, marijuana production dropped due to irregular rains, among other factors.

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El Salvador

U.S. Unions Charged With Instigating Labor Disputes

PA0903194895 San Salvador EL DIARIO DE HOY in Spanish 8 Mar 95 p 51

[All quotation marks as published]

[FBIS Translated Text] The operation of free zones in our country accounted for approximately 65,000 jobs and $400 million in imports, the Salvadoran Association of Manufacturing Industry [Asociacion Salvadorena de la Industria de la Confeccion—ASIC] said yesterday.

ASIC, in a communique released yesterday afternoon, stated that it, together with the Salvadoran Association of Industrialists (ASI) and the Chamber of Commerce and Industry of El Salvador, has analyzed the continuous agitation that is taking place at assembly plants.

ASIC noted that it wanted to voice "its concern in light of the reemergence of worker-employer conflicts caused by some movements self-styled as the guarantors of the labor rights of the manufacturing industry. ASIC explained that these movements are clearly being manipulated by U.S. manufacturing industry unions, which have stated openly their intention to cause the closure of manufacturing factories in countries of the region, including El Salvador, because, according to them, such investments represent a flight of jobs from their country."

The spokesmen for the manufacturing industry added that: "The implementation of this plan takes the form of exaggerating or somehow distorting the treatment businesses give their workers to justify their hidden objectives.

"In addition, they think that any case of mistreatment or noncompliance with national laws must be presented to Salvadoran authorities, following the procedures set forth in the Labor Code, and must be sanctioned with severity especially now that the Higher Council of Labor has been installed to settle labor disputes. If, in fact, some companies do not observe the labor laws, it cannot be said that most companies fail to comply with labor laws because most companies respect labor rights in El Salvador.

"In addition, manufacturing sector industrialists express their concern for the effects such actions may have on the stability of investments in our sector, because the closure of companies would result in a significant lack of jobs now that El Salvador has begun a period of real economic recovery, after 12 years of communist aggression.

"These acts of provocation, they added, typical of past periods, pose a serious threat to the stabilization of the industry which contributed to the country approximately 65,000 direct jobs and $400 million in exports in 1994."

Guatemala

De Leon Hopes Peace With URNG Signed Before 1996

PA0903225795 Mexico City NOTIMEX in Spanish 0036 GMT 7 Mar 95

[FBIS Translated Text] Rome, 6 Mar (NOTIMEX)—Guatemalan President Ramiro de Leon Carpio voiced his hope here today that his government will sign a peace agreement before 1996 with the insurgent Guatemalan National Revolutionary Unity (URNG).

At the conclusion of a private visit to Italy today, the Central American president pointed out Guatemala has overcome the political instability that characterized the country for several years.

"In Guatemala the danger of military coups and the fragile democracy that characterized Central American countries during the Cold War no longer exist. We are involved in a process renewal and purging without spilling a drop of blood," he said.

There are new challenges to tackle, he added, "new social demands, respect for human rights, support for the peace process, and the struggle against poverty" that affect 82 percent of the population, 60 percent of which is Indian.

The president met with President Oscar Luigi Scalfaro and was honored by the Italian-Latin American Institute before heading for Norway and Denmark, where he will participate in the development conference sponsored by the United Nations.

De Leon assured that Guatemala has adopted precautionary measures at the Mexican border to keep out the Zapatist National Liberation Army (EZLN), which operates in the southeastern Mexican state of Chiapas.

"We have adopted the logical precautions, and as commander general of the Army, I have ordered security reinforced to prevent the violation of the territorial sovereignty" of Guatemala, the head of state said.

He did not, however, rule out the possibility that EZLN leaders or militants, who took up arms in January 1994, could have sought refuge in Guatemala," because there are areas at the border that are difficult to control."

"We will not let the EZLN use our territory for actions outside the law," he reaffirmed after suggesting the possibility of a "certain relationship" between that organization and the URNG.

"It is believed that our rebels and the Zapatists have ties... but this is an unconfirmed claim," De Leon said

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after pointing out the Mexican Armed Forces and Guatemala are coordinating efforts to guard the common border.

President De Leon said Mexican President Ernesto Zedillo presented a proposal to declare the borders between the two countries a "peace border" to fight drug trafficking and contraband more efficiently.

"This agreement contemplates meeting the population's demands for the basic services of water, electricity, drainage, and the creation of jobs for those most affected by political violence," De Leon said.

The president described "as exaggerated, drastic, and not very optimistic" statements by Paraguayan President Juan Carlos Wasmosy, who during a recent visit to Italy said the Mexican crisis has put the credibility of Latin America at risk.

"I do not share those drastic statements. I think my colleague has exaggerated," De Leon pointed out after voicing trust in the government of Zedillo, who he recalled, "is facing an economic crisis that is not exclusive to Mexico, but is also affecting Europe."

De Leon confirmed that during an audience on 4 March he invited Pope John Paul II to visit Guatemala in October, during a stopover, on his way to the United States and the United Nations to mark 400 years of venerating the Christ of Esquipulas.

Honduras

President Interviewed on Military Service, Explosions

PA0903202295 Tegucigalpa Voz de Honduras Network in Spanish 1505 GMT 9 Mar 95

[Interview with President Carlos Roberto Reina by domestic correspondents at the International Airport in Tegucigalpa on 9 March; broadcast in progress]

[FBIS Translated Excerpt] [Reina] ...answer just two questions because I must leave shortly.

[Lourdes Bonilla] This is HRN Voz de Honduras. Doctor, taking into account your departure, the National Party of Honduras [PNH] has just ratified the military voluntary service—it is the talk of town. It is, however, requesting 120 million lempiras to implement military service as you proposed.

[Reina] Everything can be resolved through dialogue. What appeared to be a storm has now disappeared. Common sense is making way. The plebiscite in Colon Department showed that 92 percent of the population is in favor of voluntary military service. This shows that Honduras is absolutely in favor of this, and I believe the rectification of the PNH is excellent. They are demonstrating their common sense and maturity.

We must work together in Congress to obtain the aforesaid amount, and I believe we can find it. It will allow us to better remunerate Honduran soldiers as well as to train soldiers. It will allow Honduras to resolve one of its main problems; that is, having a professional Army and a more cultured people in favor of democracy.

[Unidentified correspondent] What do you think about the explosive devices that went off the day before yesterday in San Pedro Sula and Tegucigalpa? Are these incidents related to the situation involving a group of businessmen, which our media source reported...

[Bonilla, interrupting] This is HRN Voz de Honduras.

[Reina] These explosions may have different origins. I think these devices were detonated to call people's attention to specific incidents. They wanted to relate this to the military service issue and other events. I don't think the Mosca [Solidarity Movement for Central America] is serious, and I don't believe those explosions belong on the front pages, because they are mere [words indistinct]. This is somebody's attempt to arouse the population's concerned and continue with the culture of pessimism; specifically, that serious things go on in Honduras. This is nothing. Those explosions mean nothing more than that some dissatisfied weirdo wants to scare the people. But the people must not be scared.

They must convince the people to use the proper arguments, just like both traditional parties have agreed, so Honduran youths benefit from the military and education volunteer service. We must continue to resolve all the country's problems this way; that is, by consensus.

Today conditions are favorable for Honduras to overcome all its problems. [passage omitted]

Panama

ARI Director Arosemena Resigns After President Signs Bill

PA0903185595 Panama City Telemetro Television Network in Spanish 1730 GMT 9 Mar 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Several of the ARI [Interoceanic Region Authority] Board Members resigned after President Ernesto Perez Balladares signed the bill to reform the ARI Law.

ARI Director Rafael Arosemena resigned, because he believes the reforms hurt the institution's autonomy. Several ARI members also resigned:

[Begin Arosemena recording, in progress] ...the reforms made to the ARI Bill, I have submitted my resignation to the president effective today. [end recording]

Arosemena said much progress was done despite the short time he was in office, and he said history will judge his work.

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Panama, Mexico Sign Accord on Combating Drug Trafficking

PA0903174395 Panama City Circuito RPC Television in Spanish 2300 GMT 8 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] During a convention being held in the country, Panama signed an important agreement with Mexico on the fight against drugs.

Panamanian Attorney General Jose Antonio Sosa and Mexican Deputy Attorney General Rafael Estrada signed the agreement, which seeks to establish cooperation between the two countries in the legal and penal fields to combat drug trafficking and drug addiction:

[Begin recording] [Estrada] The criminal organizations engaged in drug trafficking do not operate alone but establish criminal networks that are not only a serious threat on public safety at present but a national safety problem.

[Sosa] The ties of cooperation between the two countries become even stronger with this agreement. [end recording]

After approval, this agreement will be sent to the executive, which will then send it to the Legislative Assembly for endorsement:

[Begin recording] [Legislator Arturo Aleman Boyd] We believe the Assembly will surely endorse it. Consequently, the agreement can be implemented as soon as possible.

[Juana Herrera, representative of President Ernesto Perez Balladares, in progress] ...an epidemiological window reflecting this trend. Nevertheless, we have to conduct a general study of the drug addicts' behavior and determine which preventive and treatment measures must be implemented first. Repression and control correspond to the Attorney General's Office. [end recording]

This agreement is the beginning of a series of actions Panama will have to take in view of the challenge posed by changing strategies on drug trafficking, money laundering, and drug addiction.

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Argentina

Menem Asks Public for Patience Until Economy Improves

PY0903133395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2030 GMT 8 Mar 95

[FBIS Translated Text] Buenos Aires, 8 Mar (NA)—On 8 March President Carlos Menem called upon Argentines to be "patient" and "to spend a little less until the economic situation improves." He recommended saving in pesos because interest rates are "attractive."

"Those who keep their savings in dollars are getting lower interest rates. One should save in pesos, because the value of the U.S. dollar may plunge, but the rate of exchange between the peso and the dollar will always be one," he underscored.

The president pointed out that people should "be as thrifty as their possibilities allow them," and urged Argentines to "be sparing with water, gas, and electricity, and not be spendthrifts."

Menem said: "I would like to quote (Juan Domingo) Peron [Argentine president 1946-55; 1973-74], who during the days of plenty once said: 'This situation will not last forever. People should try to spend less and save more.' This is the same piece of advice I am now giving to my fellow countrymen."

The president asked the public to deposit their savings in the banks, because "mattresses do not pay any interest, and eventually the paper gets moldy and ends up getting spoiled after being stored away for a long time."

Menem today reiterated that he had never said it was necessary "to bet on the dollar." He criticized the press for having published headlines with this remark.

The president complained: "There was such bad faith in drawing up these headlines that one actually does not feel like going back to the press room (at Government House)."

Nevertheless, Menem again recommended "not to enter into debt in pesos, because the interest rates are higher."

Menem emphasized: "As one dollar is equivalent to one peso, the choice between paying 35 to 40 percent and 25 to 30 percent is simple."

Menem again discussed the market disturbances, and said he is convinced that the crisis "will be overcome."

In remarks to Radio 990, the president emphasized that the country "will continue to grow," but admitted that it will grow at a slower pace than that reported during the Convertibility Plan's first four years.

The president stressed: "According to the projections, this year's growth rate will reach between 4 and 4.5 percent, which actually represents an excellent level, and the inflation rate will not exceed 4 percent. This must encourage us not to change the economic course."

The president said: "Now it is necessary to overcome the financial system's problems and balance the public accounts."

In this regard, Menem noted: "According to remarks made by Minister (Domingo) Cavallo and his team, we will have a fiscal surplus by the end of the year."

Ultimately, Menem described as "a very good measure the reduction of the salaries of private company personnel who collect between 4,000 and 5,000 pesos or more per month," as recommended yesterday by Argentine Industrial Union (UIA) President Jorge Blanco Villegas.

Menem emphasized: "It is a positive measure because it will lower the operational costs of companies, especially large companies."

Menem congratulated the entrepreneurs who are members of the Group of Eight, who yesterday met the economy minister and expressed their support for the Convertibility Plan.

Menem said: "This is the way of helping our country, not merely with simple expressions, but by fully risking themselves for Argentina."

Menem also criticized the teachers who held a strike on the first day of class, and warned them that "those who do not want to work had better look for another job."

Menem rejected the teachers' "forceful attitude" and asked those who joined the strike "to quit and leave this job in favor of other teachers who have a calling for the service."

The president said: "I believe it is totally untimely to discontinue education and teaching to ask for salary hikes." He criticized the trade union leaders who, with these measures, "want to achieve political gains."

Economic Programming Secretary Interviewed

PY1003014395 Buenos Aires CLARIN in Spanish 5 Mar 95 p 2-5

[Interview with Economic Programming Secretary Juan Jose Llach by Hector Amadeo and Ismael Bermudez; place and date not given]

[FBIS Translated Text] [CLARIN] What made you review the 1995 budget for a second time; was there a mistake in the numbers, or was it the Mexican crisis?

[Llach] The goal of a balanced budget has not changed. January and February revenues were lower than expected. A basic precaution to cover the uncertainty generated by the Mexican crisis forced us to create some safety valves. The main point is that the government is willing to do anything to balance the budget, except devalue the peso.

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[CLARIN] Why did tax collections drop during January and February? Was there more evasion or a drop in economic activities?

[Llach] We have no indication of a drop in economic activities, but there is an obvious factor: the increasing cost of credit. Many companies cannot obtain credits and are postponing payment of their taxes, which is not really evasion.

[CLARIN] Do the latest stock market losses show investors do not believe in the measures announced on 27 February?

[Llach] I do not think we can reach that conclusion yet. Many factors affected the market this week. We had the bankruptcy of Baring Brothers; negative reports on the Argentine economy were written before the measures were announced, like the reports published by the Economist Intelligence Unit and the Morgan [not further identified]; the new political situation in Mexico, which has introduced greater uncertainty; and the mistaken market interpretation of the YPF [Government Oil Deposits] situation. There are many negative factors affecting the market situation which was already very sensitive. The only measure this government will not accept is devaluation. The adjustment has unprecedented characteristics. It includes measures never seen in Argentina before because the burden clearly falls on medium and high income groups. Devaluation is a deceitful and perverse mechanism that was invented by governments for use in situations like the one affecting Argentina—a financial crisis—to reduce the incomes of all social groups and particularly of those earning less. Fortunately, Argentina does not have that option and must resort to a direct adjustment. We will lower salaries in a nominal way, not through inflation, and we will try to return tax collections to normal levels. Last year Argentina collected 6.2 billion pesos via the profit tax and the personal assets tax, which is approximately 2.22 percent of the GDP. This is very low. It should not be less than 4 percent of the GDP. An increased collection rate on profit taxes will have a very positive effect on savings, not just public savings but also private savings, because the tax on profits does not affect savings.

[CLARIN] The government has adopted measures to increase public revenues, yet at the same time it authorized a fourth tax period for companies to pay their taxes with bonds purchased on the market at cheaper prices. These measures seem contradictory.

[Llach] It is basically a realistic measure. We cannot go from being a country where evasion has traditionally been a savage sport to a country with normal tax collections in two or four years. It takes longer than that. In Argentina we have a great volume of assets operating on the black market. We must do everything possible to bring them into the open and start forming part of the legal economy through spontaneous presentations.

[CLARIN] Why did the plan include debtors who have been given a deadline to pay or who are being tried?

[Llach] The plan included them with different degrees of penalties. Tax controls from now on will increase tremendously. This year we expect to see twice the number of sworn profit reports as last year.

[CLARIN] The recent moratorium contradicts the spirit of the campaign sponsored by the Public Revenue Secretariat defending teachers, nurses, etc. and attacking evaders, does it not?

[Llach] It is not contradictory at all. I insist, we will double our efforts to control and penalize tax evaders.

[CLARIN] Why did the government amend the Central Bank Organic Law? The amendment violates bank autonomy. It was said many times that this autonomy would be totally inviolable.

[Llach] Central Bank autonomy is defined in the law regulating it. The Constitution recognizes the decrees of need and urgency, and the proceedings to have it approved by Congress. We do not think the government decree violated the Central Bank autonomy.

[CLARIN] But the government stressed the gravity of the crisis when it amended the Central Bank organic law by decree, did it not?

[Llach] Not at all. The issue has been excessively dramatized. The amendment only means the Central Bank can extend the period for giving rediscounts due to a temporary lack of liquidity. It will charge for the service too, which means the bank will get more revenues now than before the change, even allowing for some risk insurance premiums, just in case an institution fails to meet the deadline. This rediscount will not be free. The Central Bank was previously authorized to offer rediscount operations for periods of up to 30 days. The Mexican crisis is lasting longer than 30 days and has a greater and more important impact than anticipated. It is only natural to extend the period for those rediscounts.

[CLARIN] But are these measures not turning compulsory deposits into loans?

[Llach] It has the same effect as reducing compulsory deposits, but we are increasing them now. All that can happen is that we may have a redistribution of liquidity in the financial system.

[CLARIN] The compulsory deposits were dollarized a short time ago. Are you not now taking measures that go in exactly the opposite direction?

[Llach] No. Not at all. Compulsory deposits continue as before, but with one more degree of freedom, especially regarding time. This gives the Central Bank more flexibility, given the lasting effect of this international financial crisis, to provide liquidity to the financial system.

[CLARIN] Are the financial needs of the banking system so great as to force the government to extend the periods?

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[Llach] We do not have a figure on financial needs. There is a process of reducing the financing that Argentina received, and this has pushed up domestic interest rates. The logical adjustment mechanism will gradually reconstitute the liquidity of the financial system through domestic interest rates.

[CLARIN] How much did the security network have when it was operated by the Argentine National Bank?

[Llach] Not more than 700 million pesos.

[CLARIN] What about the withdrawal of deposits?

[Llach] Taking seasonal withdrawals aside, they amount to some 2 billion pesos, but the trend points to a recovery.

[CLARIN] What is the situation of provincial banks? Have they been left without assistance or are they protected by the security network?

[Llach] We have a program of structural reforms using trust funds leading to privatization, after a financial clean up.

[CLARIN] According to official calculations, how much will the economy grow during 1995?

[Llach] Argentina has very good chances of reversing this crisis of confidence. If we do, it will be reasonable to think of a growth rate of 4.5 percent. Indicators for the first two months do not show a drop in activity. Some areas are growing. There is, undoubtedly, a stretching of periods and a hardening of payment terms that we must revert. If we do not they will affect the level of activities.

[CLARIN] Some foreign investors say Argentina cannot grow by 4.5 percent during 1995.

[Llach] Who would have thought Argentina would grow at an average of over 7 percent for four consecutive years? Absolutely no one. During the second semester of 1994 our trade balance began to indicate a very important new trend. The preliminary figures for the first two month of 1995 show exports increased by 30 percent.

[CLARIN] In primary products or across the board?

[Llach] We do not have the breakdown yet. The fastest growing item last year was industrial manufacturing, which increased by 25 percent. Imports are growing by around 5 percent. Therefore, our trade deficit is decreasing by a very important percentage. This year Argentina will increase its domestic savings from 17 percent to more than 19 percent of the GDP. The trade deficit will be around 1.5 billion pesos. We will even have surpluses some months. There are no indications of decisions to cut direct investments: on the contrary, companies continue to invest. Consumption may stay at a constant level or might even drop a little, but we see great dynamism in our exports and growing investments.

[CLARIN] What will happen to our exports if Brazil devaluates?

[Llach] The foreign exchange rate between the peso and the real is today 25 percent higher than at the time of the austral and the cruzado.... Our exports to Brazil today are pushed more by demand than price. It is also true that the dollar devaluation has helped.

[CLARIN] What will happen to the unemployment rate? It stands at 12 percent.

[Llach] This is a serious problem, a very painful problem. The answer depends on how fast we can recover confidence in our economy and how fast we can approve new labor laws. Some colleagues say the new legislation will not change the unemployment picture. I do not share that vision. It will have a significant impact. It is not the only factor but it is very important. The picture will vary considerably with the new legislation. With new laws we might have a gradual drop in the unemployment rate inside a year. Without the new legislation the picture might worsen.

[CLARIN] Was the economic team surprised by the Mexican crisis, and is it only now doing the homework it should have done before?

[Llach] It was not easy to be aware of Mexico's real situation. Their public accounts were not up to date. We must admit we were surprised, particularly by the intensity of the crisis, but we did not have all the information. However, over the years we have made a very strong effort to increase our savings. Our other discussion—we even discussed this with the IMF—was to lower taxes because it was a good way to generate saving. This program was successful.

[CLARIN] How much have our reserves dropped?

[Llach] Our reserves in gold, foreign currencies, and hard currency investments have dropped by 1.1 billion pesos since the beginning of December. Then there is another drop caused by the issue of compulsory deposits. On 24 February our reserves amounted to 13.4 billion in pesos plus 1.7 billion in public titles. The compulsory deposits that support the Argen-dollar [peso-dollar] are worth 1.8 billion pesos, while compulsory deposits in dollars amount to 3 billion pesos.

Cavallo Hints at Tax Adjustment To Correct Funding Shortage

PY1003141795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2359 GMT 9 Mar 95

[FBIS Translated Text] Buenos Aires, 9 Mar (NA)—Economy Minister Domingo Cavallo today emphasized that there would be "an improvement of the fiscal package," hinting at a new tax adjustment. He pointed out that this tax adjustment "would be enough" to overcome the current shortage of funds that the government is experiencing for balancing the budget.

While lecturing at a luncheon with Investment Foundation [Fundacion Invertir] entrepreneurs, Cavallo noted

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that the new adjustment would not involve the federal taxes shared with the provinces.

Therefore, all the funds will be sent to the national Treasury and will be exclusively dedicated to coping with the financial crisis.

The minister told the entrepreneurs that our country "would" absolutely "comply with" all the debt repayments and "all the contracts signed" by the national government.

The economy minister emphasized that "there is not the slightest possibility" that Argentina "would not honor" its public debt.

Cavallo also emphasized that "there is not the slightest possibility" that Argentina would devalue or change the Convertibility Plan's legal framework.

During the luncheon at the Plaza Hotel, Cavallo emphatically rejected the possibility of rescheduling or confiscating deposits as mentioned by some reports, which he described as "absurd."

The minister confirmed that "in the future" he would support the establishment of a private security network for private bank deposits. He pointed out that the government "would promote and mobilize" this initiative.

The meeting was proposed by the entrepreneurial sector to exchange ideas on our country's situation.

Present at the meeting were Sebastian Bago (Bago Laboratories); Enrique Ruete Aguirre (Roberts Bank); Arturo Acevedo (Acindar) [Argentine Steel Industry, Inc.]; Amalita Fortabat (Loma Negra) [Cement Plant, Inc.]; Santiago Soldati (Comercial del Plata); Sergio Einaudi (Techint); Aldo Roggio (Benito Roggio); Angel Perversi (Bunge y Born); Enrique Escasani (Bank of Galicia); and Carlos Ruckauf, the current vice presidential candidate on the Justicialist Party ticket; among others.

The entrepreneurs took turns expressing their enthusiastic support for the Convertibility Plan, especially Bago, who, in the name of the entrepreneurs, explicitly supported the economic program.

This morning the minister met the Argentine Business Council (CEA), which introduced a number of proposals designed to curb the crisis affecting this sector.

The entrepreneurs, headed by CEA President Enrique Ruete Aguirre, proposed to Cavallo the implementation of various support measures for the adjustment implemented by the government, but did not want to disclose the contents of their proposals.

After a 30-minute meeting at the Economy Ministry, Ruete Aguirre briefly said: "We raised some proposals (for Cavallo) that we will announce soon."

In addition to Ruete Aguirre, those present at the meeting were Eduardo Casabal, a Perez Company executive; Santiago Soldati from Comercial del Plata; and Norberto Murita from the Bemberg Group.

The CEA proposal joins other pressures that have been exercised by the production sector to harden the adjustment policy being implemented by the Economy Ministry, which already has the support of the Group of Eight [G-8].

The entrepreneurs grouped under the G-8 have expressed their support for the measures promoted by Cavallo, but recommended increasing the IVA [value added tax] fractional payments, increasing fuel prices, and reducing the salaries of company management sectors.

New Fiscal Measures Viewed

95SM0229B (Internet) Argentina Gopher in Spanish 1 Mar 95

[Commentary by Ricardo Rosales: "A Version of the IMF To Do the Adjustment in the Provinces"; from EL CRONISTA COMERCIAL 1 Mar 95]

[FBIS Translated Text] The new face of the adjustment in the provinces is the Trust Fund. The fiscal package that Domingo Cavallo announced on Monday has two targets: on the one hand, national government accounts and, on the other, provincial accounts. The nation does not have jurisdiction over the fiscal affairs of local governments, but the minister has finally found a way to begin monitoring and conditioning the provinces' financial and spending policies, by developing a sui generis model of our own IMF.

Cavallo would not have been successful with this initiative against a backdrop of limited budget deficits, but it so happens that provincial treasuries are running more and more into the red. The consolidated budget of the 24 provinces showed a deficit of $1 billion (with borrowing) in 1994, but the primary bottom line (without borrowing) is around $2.67 billion in deficit. The projections for 1995 showed a mounting deficit, and in light of the economic outlook that Mexico has brought, and smaller revenues, it will tend to be even worse.

The solution that the economic authorities have proposed to the provinces for getting around these budgetary straits is the same one that was endorsed in the Fiscal Pact Act. The difference is that until this week's announcements the governors could press for some sort of special aid, as has happened historically, with the National Treasury incurring the direct cost. The Treasury is now out of the picture for two reasons: one, because the national government has made it clear that it has no additional funds of any kind, and two, because by decree it has created the Trust Fund, with as much as $2 billion in resources, to which they must turn for financial

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assistance. But turning to it means accepting the conditions set by the Economy Ministry: "It will be administered in accordance with whatever instructions the Economy Ministry imparts to it," says the decree.

The instructions are nothing more than a package of very clear-cut policies that the national government will require of the provinces in order for them to receive financial aid. And these policies can be summarized in two key points: first, it will advance funds to the provinces that it declares eligible and that entrust the national government with privatizing their public enterprises; and second, it will aid the provinces that constitutionally grant authorization to totally privatize or transfer to the private sector the majority shareholdings in and management of provincial banks.

Amplifying on this harsh fiscal policy, Cavallo explained that the provinces that do not accept these guidelines will have to make do with their own resources.

The economic authorities chose these two points as a result of their assessment of the economic crises in the provinces:

—As for provincial-government banks, they say that they are a source of conflicts and problems for provincial treasuries and have caused huge deficits because the provincial governments have had to borrow to prop them up.

—The public enterprises, in contrast, are not a fiscal problem. They are an economic problem because of the extra costs they create in the private sector. In addition, their deficits are hidden in the rates they charge.

Commentary Views New Economic Measures

95SM0229A (Internet) Argentina Gopher in Spanish 1 Mar 95

[Commentary by Walter Graziano: "Relending Reserves Is Like Giving Rediscounts"; from EL CRONISTA COMERCIAL 1 Mar 95]

[FBIS Translated Text] Among the measures that Minister Cavallo announced the day before yesterday, only one is outside the fiscal sphere and specifically affects the financial sector. The Bank of the Nation will no longer be in charge of the banking safety net. Henceforth, the BCRA [Central Bank of the Argentine Republic] will be; for this purpose, under an amendment by decree of its charter, it can lend the required reserves of banks that are not having problems to the financial institutions that are in trouble.

This move prompts several reflections. The first and most obvious one, of course, is that the charter of the BCRA has been amended by decree, a dangerous precedent for its independence. But this is not the only reflection that this debatable measure warrants.

The first thing that we need to bear in mind is that required bank reserves are liabilities, in other words, a debt of the BCRA. This was the case when the reserves were in pesos and were part of the monetary base and it is the case now, when they are in dollars and are not included in the monetary base but remain a BCRA debt in foreign exchange to financial institutions. The first thing that we should ask ourselves in this regard is how one can lend something that one already owes. The fact is that the BCRA has basically two options. Let us look at what they both mean in practice:

a) Case one: Bank X, which has no liquidity or solvency problems, has positive reserves equivalent to $100 in the BCRA. Bank Z, from which deposits are being withdrawn, is having liquidity problems. The BCRA decides to help Bank Z with the reserves of Bank X and, therefore, gives Bank Z $30. The main point here is whether the BCRA calculates its new debt to Bank X as $70 or $100. If it does not want the aid to Bank Z to entail a currency issuance, it has to count only $70 as debt to Bank X. Thus, the rest, $30, would be a direct debt that Bank Z owes to Bank X. If the measure is implemented thus, the new assistance represents merely a compulsory call for sound banks on troubled banks and, therefore, some contamination of the sound institutions.

b) Case two: This is identical to the one above, except that the BCRA counts as a debt to Bank X the $100 that it keeps as required reserves. This means that the $30 that the BCRA is lending Bank Z is new currency pure and simple. As we can see, the cost of not "contaminating" the banks that the people consider the soundest is plainly and simply the issuance of unbacked currency, in other words, granting rediscounts.

In summary, then, we can say that the recent measure announced by Minister Cavallo either entails the issuance of unbacked currency or will have a "Robin Hood effect" that is going to hurt the banks that are regarded as the soundest in a bid to help the ones that have fewer resources today. The risk of the latter is that the lack of confidence may spread to additional banks. As we can see, then, the corollary is no mystery, nor is it anything new. When the current trend towards capital flight and lack of confidence in the country began, it was said, accurately, that the authorities ought to take a strong stand: either preserve convertibility at all costs and allow troubled institutions to fail, or rescue them in exchange for increasing the risk in the foreign-exchange market because they would merely be financing the run on banks.

Minister Cavallo, taking after practically all of the world's countries that have had serious problems in their financial systems, decided on the second route. The problem is that Argentina, unlike any other country, has a system of convertibility. And relending reserves is an underhanded way of getting around it.

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Attitude Change Toward NPT Viewed

95SM0236A Buenos Aires LA PRENSA in Spanish 3 Mar 95 p 24

[Guest Commentary by Julio Cesar Carasales[1]: "Non-Proliferation and the NPT"—first paragraph is LA PRENSA introduction]

[FBIS Translated Text] Despite the constant critical position of Argentine governments toward the Nonproliferation Treaty, a change in views is now warranted.

For 25 years all Argentine governments without exception, civilian and military, authoritarian and democratic, have harshly criticized the Nuclear Nonproliferation Treaty (NPT), concluded in 1968.

So it came as a surprise on 7 July 1994 when the Executive asked Congress to approve that instrument. The approval process was completed on 22 December with astonishing ease and speed. The opposition half-heartedly raised objections that seemed more a matter of form than the defense of strongly held convictions.

How can such a profound change in position be explained? Was Argentina wrong for a quarter of a century? Is this completely inconsistent with past attitudes, which at that time were universally supported by the entire domestic political spectrum?

The NPT's defects have not disappeared. In fact, its text may not be altered, and the reasons which from the start drew so many criticisms still remain, even reinforced by years of practical application. The NPT was primarily but not solely criticized for *legitimizing* the possession of nuclear weapons by a privileged group of five countries, while prohibiting their possession by other countries, and subjecting them to stringent controls. It imposed no serious obligation to disarm on the nuclear nations, and they have not complied even with its timid provisions, just as they have not kept their pledge of extensive technological cooperation.

With no fundamental alteration in this situation, how can such a striking change in position be justified? The answer lies basically in two areas. First of all, the international situation has changed radically in recent years, with the end of the Cold War and the decline, if not disappearance, of the threat of nuclear war. Today the dangers seem to come more from the actions of some irrational government leader or terrorist groups that might gain control of a nuclear weapon. Total nonproliferation would ensure optimum control of the destination of any nuclear weapons produced or acquired throughout the world.

Second, it is a fact that the Nonproliferation Treaty has achieved unprecedented success in the history of disarmament agreements, and has been ratified by 166 countries. The significant countries that have still not signed can be counted on the fingers of one hand, and almost all of them have reasons explaining their position (Israel, India, and Pakistan). How can the success of a treaty that undeniably does have serious flaws be explained? There are essentially four reasons: a) constant and intense pressures from the two states which were the authors of the NPT, which combined are practically irresistible—the former Soviet Union and, above all, the United States, which has made non-proliferation one of the pillars of its foreign policy; b) the sincere fear felt by many countries of nuclear weapons proliferation, causing them to overlook the NPT's defects, as it would have been worse to have no treaty; c) the protection of the U.S. nuclear "umbrella," which some of the developed countries were given in exchange for their renunciation of the nuclear option; and d) the policy of many nations without any nuclear development, for whom membership in the NPT represented an innocuous way of *getting on the good side* of the United States.

For whatever reason, the acceptance of the NPT has become so widespread that remaining outside has become politically almost as impossible as it would have been, while acknowledging that the cases are not exactly the same, to reject the United Nations Charter, no matter how many defects or objectionable aspects it might contain. Countries as important as China, France, and South Africa, once harsh critics of the NPT, have recognized this and have recently joined the NPT regime.

For the Argentine Republic, there is another factor of vital importance: joining the NPT does not require making any additional commitments. With the Tlatelolco Treaty and the obligations contained in the bilateral agreement with Brazil, Argentina has committed itself to obligations and controls in nuclear matters which, taken as a whole, exceed those in the NPT.

Based on these highly summarized considerations, the position adopted by the Argentine authorities seems appropriate and reasonable, even though it can not have been easy to change positions taken in the past, positions that were certainly not arbitrary or without foundation.

Footnote

1. Ambassador. Author of the book "The Disarmament of the Disarmed: Argentina and the Nonproliferation Treaty," Editorial Pleamar, 1987.

Bolivia

President: Country To Fight Drugs 'Alone if Necessary'

PY1003032795 La Paz PRESENCIA in Spanish 25 Feb 95 p 1

[FBIS Translated Text] Bolivian President Gonzalo Sanchez de Lozada said yesterday that Bolivia will fight the drug-trafficking problem alone if necessary if the

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United States withdraws its aid as announced by Ambassador Curtis Kamman. The president warned that the consequences for the country would be dramatic.

Nevertheless, he expressed his faith that on 1 March President Bill Clinton's administration will recommend that the U.S. Congress ratify the assistance programs for Bolivia, and will avoid a possible international financial blockade because of the presumed Bolivian unfulfillment of its commitment to fight drug trafficking.

Sanchez de Lozada said: "I trust that the United States will recognize the tremendous effort Bolivia is making to fight drug trafficking."

He added: "There is no doubt that the Bolivian contribution in relation to the size of our economy is probably one of the greatest because we Bolivians make a tremendous sacrifice in this struggle, whether politically, socially, or economically."

U.S. Ambassador Curtis Kamman confirmed by the middle of the week the reduction by almost $40 million of his country's aid, and did not rule out the possibility that the United States might prevent Bolivia from receiving aid from international credit organizations for its presumed inefficiency in the antidrug fight.

In this context, the president said that the commitment to fight the illegal activity is not the responsibility of the drug producers alone but of the consumers as well, because most of them are industrialized nations. "I hope this is taken into account when the decision is made, and regardless of the decision, Bolivia will continue fighting drug trafficking, whether alone or together," he said.

Do you believe that if there were no market, there would be surplus coca? And vice versa: If there were no production, would there be (consumption) markets? It is a shared problem, then, and Bolivia will continue with its antidrug fight regardless of the U.S. Government's decision, the president said.

He admitted, however, that the eradication of surplus coca crops was not adequately fulfilled by his government.

He said that the strong opposition by coca producers leaders must be replaced by dialogue. He also warned about the consequences of the peasant opposition to not allow the reduction of the coca intended for the production of basic coca paste.

We cannot ask for economic aid in the area of alternative development in the antidrug fight if we have no strategy and no agreed-upon policy. We cannot ignore this, and we cannot act like ostriches and conceal our heads, saying that drug trafficking will disappear, Sanchez de Lozada said.

"Regardless of whether the United States grants assistance, and regardless of any incident, we have to outline our own national policy," he said, and added that only under those conditions will the international community have confidence again in Bolivia.

The president said that U.S. officials and President Clinton must take into account the progress achieved by Bolivia in the antidrug fight, and warned about the dramatic consequences of a possible international financial blockade on the country.

"If there is a bad certification by the U.S. Administration, they will do everything possible to prevent the IDB [Inter-American Development Bank], the World Bank, the IMF, or the Paris Club from granting any economic support to Bolivia, especially in the field of concessional loans, which are vital for our development," he said.

Foreign Minister Antonio Aranibar said that Bolivia will probably fall into a state of ungovernability if the U.S. Administration prevents resources or credits from the IMF, the IDB, or the World Bank from being granted to Bolivia, in addition to the already announced reduction of U.S. aid.

"The U.S. Administration will vote in the international organizations forums such as the World Bank, the IMF, and the IDB against any cooperation, credits, or attitude that might favor Bolivia. The country would be placed in a situation of ungovernability and very serious risk," Aranibar said.

He explained that the government is concerned over that possibility, and therefore it is conducting negotiations with the U.S. Administration so that the latter takes into consideration the efforts and sacrifice the Bolivian Government and people have made in the antidrug fight.

Notes U.S. 'Pressure'; Leaves for Denmark

PY1003161295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 10 Mar 95

[FBIS Translated Text] Even though the ministers don't like the word pressure, President Gonzalo Sanchez de Lozada admitted that what the United States wants is to exert pressure to impose its drug enforcement policy.

President Sanchez de Lozada admitted the word pressure to describe the nature of the ultimatum he personally received from U.S. Ambassador Curtis Kamman. He added that the government will seek its own solution to every point proposed by the U.S. Government, based on an agreement with social sectors and political parties.

[Begin recording] [Unidentified correspondent] Is there any pressure, Mr. President?

[Sanchez] Obviously, when a demand of this nature is made, there is pressure, and what pressure.

[Correspondent] Can the government affirm that it will not resort to the immediate eradication of coca by force?

[Sanchez] We are not in any condition to say anything else but that we will enforce the law. When illegal coca is

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grown, we know we have to enforce the law by implementing forced eradication. When surplus coca is grown, we must seek voluntary eradication. We have always been committed to alternative development. [end recording]

Regarding the militarization of the coca producing zones, Sanchez de Lozada noted that this is only an alternative measure that it is not yet necessary to enforce.

[Begin Sanchez recording] No, there is nothing like that yet [words indistinct]. [end recording]

So far the U.S. conditions refer to a demand for the signing of a new extradition treaty, the eradication of 1,750 hectares of coca by late June 1995, and the definition of an aggressive long-term policy for the elimination of surplus coca.

President Sanchez de Lozada made these comments before leaving for Copenhagen to attend the summit on social development. President Sanchez de Lozada will take this opportunity to explain to the world that Bolivia is not known in the region only for coca and drug trafficking. He said: I will tell them that the coca-cocaine problem is not the only issue in Bolivia. I will point out that the Bolivian people are searching for social justice, are struggling to become a respectable country, an example among nations. Before leaving for Copenhagen, President Sanchez de Lozada handed over the presidency to Vice President Victor Hugo Cardenas.

Coca Growers Group Agrees With Eradication, Substitution

PY0903140095 La Paz LA RAZON in Spanish 18 Feb 95 p A16

[FBIS Translated Excerpt] Chapare, 17 Feb (LA RAZON-ANF-ANC)—Government Minister Carlos Sanchez Berzain and peasant leaders Cornelio Suarez and German Portanda yesterday signed an agreement for replacing coca cultivation with palm hearts, which is an important export product that the peasants like to produce.

According to information from this zone, the first phase of the government plan accepted by the coca growers will be the eradication of 700 hectares of coca in exchange for an investment of $4.5 million in alternative development projects.

The program began with a symbolic ceremony in which Minister Sanchez participated in planting a palm tree. Sanchez, who signed the agreement, said the government is optimistic about fulfilling the desires of the international community.

Some members of the official delegation said that the agreement represents a harsh blow to the intentions of controversial peasant leader Evo Morales Ayma, who is reportedly losing "union control in the Cochabamba tropical region."

Minister Sanchez said that about 8,000 families of the Chapare province are committed to the agreement, and have voluntarily begun the peaceful eradication of 700 hectares of surplus coca.

The project, which was drawn up in 1994, was put into operation in Padre Sama after it was approved by the Government Ministry and the Federation of Chapare Coca Growers.

The federation, which is one of the five coordinated by peasant leader Evo Morales, made its own decision, in contrast with the "complete rejection of eradication" adopted during the meeting of coca growers on 16 February.

The decision made by the coca growers of the Yungas of Chapare, which extends geographically from Paractito to Villa Tunari, is a surprising deviation from the dominant trend on coca eradication.

As a example of the voluntary coca eradication, the growers of Yungas destroyed in Padre Sama one hectare of coca, and the government authorized the disbursement of $1.9 million for infrastructure improvement work in education, roads, and housing in that zone. [passage omitted]

Argentine Foreign Minister Arrives for Visit

PY0603144695 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 6 Mar 95

[FBIS Translated Text] Argentine Foreign Minister Guido Di Tella yesterday began an official visit to Bolivia to discuss bilateral issues such as the sale of natural gas.

During his stay, which will last until 7 March, Di Tella will meet with Bolivian Foreign Minister Antonio Aranibar, Finance Minister Fernando Cossio, Sustainable Development Minister Luis Lema, and Energy Secretary Carlos Miranda.

This information was confirmed by Deputy Foreign Minister Eduardo Trigo, who mentioned one specific issue: the reconsideration of agreements related to the liberalization of the hydrocarbons market, which were signed by the presidents of the two countries in March 1994. An agreement will also be signed, in relation to the immigration problem, to facilitate the temporary entry of Bolivian workers into Argentina during agricultural harvests. The economic cooperation provided by the Argentine Government for basic health projects in the border zones will also be evaluated.

Minister Di Tella is accompanied by Juan Jose Uranga, former Argentine ambassador to Bolivia, and Under Secretary for Latin American Affairs (Horacio Chalian). The Argentine delegation will meet with President Gonzalo Sanchez de Lozada today at the conclusion of the bilateral talks.

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There is, however, a case pending between Bolivia and Argentina, the Porco case. According to Trigo it will not be necessary to discuss the case of Argentine citizen Marcela Alejandra Porco, who was tried in Santa Cruz for carrying 3 kg of cocaine. The antidrug court has already declared that she cannot be charged with drug trafficking because she is mentally ill. Despite the medical report by psychiatrists who checked her, indicating that the defense argument about her illness is false, a Santa Cruz judge decided to forgive Porco under the strong pressure exerted by the Argentine Government. Trigo said that all that is needed for this case to be concluded is to have the decision of the Santa Cruz Superior Court. Therefore, any diplomatic action is no longer necessary.

Aranibar, Di Tella Discuss Economic Relations

PY0703155095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0209 GMT 7 Mar 95

[FBIS Translated Text] La Paz, 6 Mar (AFP-NA)—Foreign Minister Guido Di Tella and Foreign Minister Antonio Aranibar agreed on 6 March in La Paz that Bolivia will deregulate its hydrocarbons trade with Argentina as of 1 April.

The agreement, the first decision in a number of projects on energy integration, electric interconnection, and other bilateral issues, encouraged the Argentine foreign minister to say that the two countries "are complementary; we will be partners many times and competitors sometimes."

Di Tella, who arrived on the evening of 5 March in La Paz, held busy meetings on 6 March with his Bolivian counterpart and with President Gonzalo Sanchez de Lozada, Finance Minister Fernando Cossio, Sustainable Development Minister Raul Lema, and Hydrocarbons Secretary Carlos Miranda.

During a news conference at Government Palace, Di Tella reported that he had reviewed with Bolivian authorities the status of bilateral cooperation, the possibility of Argentina entering a joint venture with Bolivia to export gas to Brazil through a Bolivian gas pipeline that has been designed to reach Sao Paulo, the economic complementation for promoting integration, migration problems, and other issues of mutual interest.

The final document signed by Di Tella and Aranibar to summarize the agreement indicates that as of 1 April, the tariff to import grease and lubricant oil from Argentina will be reduced by 50 percent.

This tariff will be removed entirely as of 1 July. A process to remove tariffs on gasoline will be initiated as of 1 July. Tariffs on gasoline will be removed entirely by 1 October.

The tariff removal had been pending after the signing of an agreement between the governments of the two nations in March 1994.

Expressing his satisfaction over the advancements achieved in the bilateral agenda with his visit, Di Tella said Argentina would support Bolivia at the summit on sustainable development scheduled for next year in Santa Cruz.

Aranibar also expressed his satisfaction over the advancement achieved in the negotiations between Mercosur [Common Market of the South] and Bolivia in the search for a broad agreement on economic complementation.

The two foreign ministers were also pleased over the recent meetings between Mercosur and the Andean Group to enter into a relationship between the two integration systems.

The issues that the two foreign ministers agreed to expedite are as follows:

—A bilateral meeting in late March to secure a $30 million loan for Bolivia for basic sanitation works in border areas.

—An agreement on an electric interconnection project, proposed by Argentina and Bolivia, will be drafted within 45 days.

—Bolivia's acceptance of Argentina's proposal to jointly use the river basins they are sharing, especially the Bermejo River system.

—Organizing the migration flows, and assembling as soon as possible the binational migration commission to formulate specific recommendations.

Di Tella explained that the Bolivian workers who are illegally living in Argentina will now be able to report to their labor centers to legalize their situation.

—Bolivia will promptly open bids for the franchising of operations centers to administrate a free zone that Argentina has granted to Bolivia in the port of Rosario.

—Transportation authorities from the two nations will meet in Buenos Aires on 28 and 29 March to make advances in joint transportation projects.

—A binational meeting will be held this month in Yacuiba (Bolivia) to assess the advances achieved in the struggle against epidemiological diseases.

—Priority will be assigned to holding within two months the fourth meeting of a joint commission involved with the implementation of a cultural, scientific, and technical cooperation agreement.

—Argentina will sponsor in Buenos Aires a seminar to explain to the Argentine entrepreneurial community the privatization program for Bolivian public enterprises.

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Brazil

Sivan Contract To Be Renegotiated According to New Policy

PY1003030895 Rio de Janeiro O GLOBO in Portuguese 9 Mar 95 p 5

[Report by Ascanio Seleme]

[FBIS Translated Excerpt] Brasilia—The government will renegotiate the contract for implementation of the Sivam (Amazon Region Surveillance System). This work was contracted at the end of last year with the U.S. company Raytheon. It will cost $1.4 billion (1.26 billion reals [R]), and is the largest project of its kind under way in the world. According to Planning Minister Jose Serra, the renegotiation will be conducted in accordance with the rules established by the provisional measure that adjusts the Real Plan. This provisional measure contemplates revision of all contracts signed by the government that are currently under way. One of Serra's advisers has explained: The provisional measure determining that all contracts must be reviewed does not contemplate exceptions. When it was drafted, no one remembered the Sivam. Therefore, this project will also be renegotiated.

According to Serra, the contract will be discussed directly with Aeronautics Minister Brigadier Mauro Gandra and Strategic Affairs Secretary Ambassador Ronaldo Sardenberg because it is a national security project. Serra pointed out, however: The contract currently under way is as much subject to revision as any other.

According to Planning Ministry projections, the value of the contracts signed by the government that are subject to reevaluation surpasses R13 billion.

The provisional measure's intent to review, in particular, the readjustment clauses and the payment conditions of the contracts under way allows the government to take the initiative in a process that is already gaining ground in Congress. The contract for implementation of the Sivam will also be examined by Congress. Under suspicion of having been approved as a result of bribes, the SAE/Aeronautics Ministry/Raytheon business project is being criticized by government allies as well as members of the opposition. [passage omitted]

According to congressmen who support the government, if the Sivam contract had been above any suspicion, it would not necessarily have to be reviewed.

Diplomats Fear Losing Good

Diplomats used to negotiating abroad on Brazil's behalf and businessmen who have operations with U.S. companies and the U.S. Government yesterday expressed their concern over the breaking down of the contract for implementation of the Sivam. According to them, the renegotiation announced by the planning minister and ever-increasing congressional interference in the matter may cause Brazil losses instead of savings. If the contract, which still has not been signed, is reviewed in its essence—with regard to its value and payment conditions—Brazil may end up losing money in the financing program, a Foreign Ministry source has told O GLOBO.

The U.S. Eximbank [Export-Import Bank] is financing 75 percent of the contract, with reduced interest rates. These conditions are better and more competitive than those offered by several official credit institutions. Logically, this good will and the good terms result from the fact that the contract is being signed with a U.S. company.

Sources consulted by O GLOBO believe the Brazilian Government is running a great risk by doing business with foreign partners the way it does business with its domestic partners.

'Renegotiation' May Affect Sivam Project

PY0903163395 Sao Paulo GAZETA MERCANTIL in Portuguese 8 Mar 95 p 1

[Report by Eliane Cantanhede in Brasilia]

[FBIS Translated Text] The Brazilian Government's decision to renegotiate all contracts and tenders now in progress within the federal administration is directly affecting the Amazon Region Surveillance System (Sivam) project, precisely at a time when international charges have been raised about the U.S. company Raytheon—which was selected to install the project—having been favored in this tender. There is no cause and effect relationship between the above two developments, but the revision of the contract will certainly be another complicating factor.

Speaking to GAZETA MERCANTIL, Planning Minister Jose Serra said: "There was no public tender in this case because this a national security project, but a contract is in the making that is subject to reassessment of prices and renegotiation of other topics."

According to Serra, the government estimates that all the contracts and tenders that are targeted for revision total $14 billion. Upon noting that there are no precise figures, "just overestimated figures," Serra predicted that the renegotiation process could take between three and four months, and could result in an overall reduction of 15 to 20 percent in investments.

The first meeting to systematically discuss the revision of contracts and tenders will be held tomorrow, between the ministers and the heads of state-owned companies of the respective areas. The objective is to correct clauses that are designed to compensate contractors for possible delays in government payments. These compensations will ultimately increase the final cost.

Serra noted, however, that Sivam will not be discussed at this meeting. Because national security and several ministries are involved in it, Sivam will be discussed separately. He thus plans to discuss special ways of

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renegotiating it with Strategic Affairs (SAE) Secretary Ronaldo Sarnberg and with Aeronautics Minister Mauro Gandra. Both Sardenberg and Gandra will be summoned to testify in Congress on the Sivam project, which envisages a $1.4 billion investment and is now at the center of charges of international espionage between France and the United States of America.

'Irregular' Senate Session Authorized Sivam Project Loan

PY0903223395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 8 Mar 95 Section 1 p 9

[Article by Lucas Figueiredo]

[FBIS Translated Text] Brasilia—The authorization the Senate gave the Brazilian Government to contract loans amounting to $1.4 billion for the installation of the Sivam (Amazon Region Surveillance System) was given under irregular circumstances.

The Senate bypassed its internal rules to hasten the voting session that authorized the loan from foreign institutions.

The amount involved is greater than $300 million, which is the value of the U.S. space shuttle Columbia.

The loan bill was voted on during an urgent Senate session on 21 December 1994, just at the end of the Itamar Franco administration, using the argument that it was a matter of national security.

The classification of the bill as being a matter of national security—which prompted the hasty voting session—was not done according to Senate rules, but on the basis of an informal government request.

The Sivam is a project to monitor the air and ground space of the Amazon region through radars and satellites.

The system will collect information about biodiversity, indigenous reserves, and mineral resources.

The shorthand notes of the secret session that approved the loan demonstrate that the senators knew of the irregular procedure involved in the urgent session.

During the session, then Senator Jose Paulo Bisol (PSB-RS) [Brazilian Socialist Party-Rio Grande do Sul] warned about the fact.

"The urgent voting session (under the justification that it was a national security matter) could not have taken place without the prior approval of the Foreign Affairs and National Security Committees," he said.

The Senate chairman on that occasion was Senator Chagas Rodrigues (PSDB-PI) [Brazilian Social Democracy Party-Piaui]. Although he agreed with Bisol on that occasion, he did not suspend the session. "Your considerations are really logical (...) but at this stage we must conclude the process," Rodrigues alleged.

According to him, the Senate could have "made up for any gap that could have occurred." Before that voting session, the Senate had only held urgent sessions for national security reasons on two occasions.

The first time was soon after the 1964 military coup, when then President Castello Branco dismissed Goias Governor Mauro Borges from his post under charges of his having Communist links.

The second time was in July 1994, when the Senate authorized the government to contract a $79.6 million loan to purchase missiles.

The petition for holding an urgent session for national security reasons is one of the Senate's most powerful instruments.

As soon as it arrives for the Senate board, the Senate president interrupts whatever session is going on, even if a senator is speaking, to call for a vote on the urgent bill.

Deputy Socorro Gomes (PC do B-PA) [Communist Party of Brazil-Para] is collecting signatures to create a CPI [Congressional Investigative Committee] to investigate the Sivam contract.

Confidential Paper on Sivam Evaluated Before Testimonies

PY0903232895 Sao Paulo AGENCIA ESTADO in Portuguese 2059 GMT 9 Mar 95

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 9 Mar (AE)—The Foreign Affairs Committee of the Senate today decided to analyze confidential documents on the bidding for installation of the Amazon Region Surveillance System (Sivam), before listening to testimonies by Aeronautics Minister Mauro Gandra and Strategic Affairs Secretary Ronaldo Sardenberg.

According to suggestions made by Senator Jader Barbalho (PA) [Para State], who is PMDB [Brazilian Democratic Movement Party] leader in the Senate, the committee asked the government for the final opinion of the enterprises that participated in the bidding, and the communique the government sent to the foreign embassies requesting technical and commercial proposals. The committee also asked for the document that rendered unnecessary a public bidding to contract the enterprise that would manage the Sivam.

Senator Bernardo Cabral (PMDB-AM) [PMDB-Amazonas State], vice president of the Foreign Affairs Committee, believes that on 16 March or, at the latest, at the meeting to be held on 23 March, Gandra and Sardenberg will be heard. Cabral said he fears suspicions of possible irregularities in the Sivam contract may delay the installation of the project. Cabral explained: "The Amazon Region needs this protection very much."

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Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia State], president of the Foreign Affairs Committee, today reiterated that all obscure aspects of the process must be clarified. He stressed: "The more credibility the country has, the better." In the PMDB leader's opinion, the Senate investigation will help in clarifying the "extremely disagreeable questioning" regarding Brazilian officials who participated in the bidding. Barbalho said that he cannot understand why the government did not question U.S. authorities regarding the assertions of a CIA agent. He said in an interview to the press that the French enterprise that lost the bidding, the Thomson company, had bribed Brazilian officials linked to the Sivam contract.

Market Experiences 'Nervousness,' 'Insecurity'

PY1003022095 Sao Paulo AGENCIA ESTADO in Portuguese 2213 GMT 9 Mar 95

[By Marcia Pinheiro and Rosa Riscalla]

[FBIS Translated Text] Sao Paulo, 9 Mar (AE)—Up until 1815 today, the Central Bank [BC] had carried out 32 dollar auctions to signal to the market that it intends to keep the commercial dollar rate below the ceiling of 0.888 reals [R], and the floating market dollar rate [dolar flutuante] below R0.895. "Today the BC showed that whoever wants to operate with the exchange rate above those values will lose money," an executive has said.

Today, 9 March, the exchange market experienced a historic day, not only because the number of auctions surpassed all expectations and broke—by far—all previous records, but also because the BC and the financial market engaged in a true battle, in which the main issue was the backing of the Real Plan.

At the 15th dollar auction on the commercial market (there were 16 auctions on the commercial dollar market and 16 auctions on the floating market), the BC showed that it was beginning to win the confrontation. For the first time during the day, it reduced the commercial dollar selling price from R0.888 to R0.884. A preliminary evaluation of the exchange market indicated that today the BC sold $2 to $3 billion to manage the exchange band.

"It is still too early to tell who won the battle," an analyst said. Yet he added: "The dollar price increase is highly speculative. The market has panicked, basically because of lack of clearer information on the exchange bands."

Even though BC President Persio Arida and BC Foreign Department Director Gustavo Franco today said that there is no ongoing capital drain, market professionals have noted that BC dollar sales on the floating market revealed a strong demand for dollars that will be sent abroad.

The sale of dollars by the BC might be reduced if exporters again sign contracts, driven by both the favorable exchange rate and the interest on ACC's [Advanced Exchange Contracts]. An analyst has said, however, that after the dollar rate value was set at R0.93 for May, major exporters might be delaying their operations because ACC rates are not compatible with that scheduled exchange rate.

The exchange rates once again fell this Thursday, 9 March, in the middle of an atmosphere of extreme nervousness and insecurity, provoked by internal and external factors. On the domestic front, the exchange market engaged in a steady confrontation with the BC, compelling the BC to make, up until 1815, 32 dollar auctions on the commercial and floating markets.

Throughout the day, the market tested the government's nerve and will with regard to keeping the Real Plan alive, "which is not a minor target," a board director said. In order to fight against the BC on the exchange market, that is, to be able to fight against all the auctions, financial institutions are gathering cash through the sale of stocks.

At the same time, a factor that caused expectations to deteriorate even further came from the political front. In the afternoon, there was the bad news that Pimenta da Veiga resigned the presidency of the PSDB [Brazilian Social Democracy Party], which is an indication of a complication within President Fernando Henrique Cardoso's party.

Another storm of setbacks came from Latin American neighbors. Argentine Economy Minister Domingo Cavallo today admitted that the Argentine Central Bank has only $200 million for loans to institutions that are experiencing difficulties, a situation that reflects the degree of difficulty the Argentine Government is experiencing with regard to guaranteeing the survival of its economic plan.

In Mexico, the peso suffered another strong devaluation, reaching its lowest level since 20 December, when the exchange rate crisis broke out. A short time ago, the buying rate was of 7.5100 pesos per dollar, compared to 6.8875 yesterday. Furthermore, there were rumors that U.S. financial institutions might be about to go bankrupt, as a result of the Mexican crisis.

The results of this tense Thursday have been catastrophic for the Brazilian stock markets. The Ibovespa [Sao Paulo Stock Market] dropped 9.52 percent, the IBVRJ [Rio de Janeiro Stock Market] dropped 7.34 percent, and the futures market losses stood at 11.7 percent. To give an idea of the seriousness of the situation, the Ibovespa has experienced a cumulative drop of 34.63 percent in March and of 50.89 percent since the beginning of the year.

The repercussions in the monetary market of the 32 exchange rate auctions, which were held up until 1815, included a brutal increase in the interest rate projections. In the afternoon, the PU [expansion unknown] of the

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April contracts dropped 720 points and those of the May contracts as much as 950 points, both with regard to the ones at 1300.

This means that the institutions began to project effective interest rates of 4.51 percent for March and of 4.55 percent for April. These are a great deal higher than the 3.60 percent and 3.99 percent interest rates for these two months, respectively, registered at the time of close of business yesterday. As a result, the CDB [Bank Deposit Certificates] with a 32-day preestablished date were valued this afternoon at 73 percent—which was an informative rate not used in any transaction. This rate was 19-percent higher than yesterday's, which would have been 54 percent.

The atmosphere in the market was one of absolute irrationality. Stock market operators put aside their technical studies about inflation estimates to center their operations on the following reasoning: Soon the Central Bank can deliberately and violently push the overnight market. The objective of this hypothetical tactic would be to force the financial institutions to pour into the market their whole stock of dollars, which they purchased in the 6 March auctions, because their cost would become unbearable.

Although more serene minds doubted this possibility, because it might endanger the Real Plan, most of the market joined the wave of hysteria. No one wanted to "make purchases" in DI [expansion unknown] in view of the absolute lack of a secure panorama for tomorrow.

Cardoso: No Reason for 'Nervousness'

PY1003025895 Sao Paulo AGENCIA ESTADO in Portuguese 2331 GMT 9 Mar 95

[FBIS Translated Text] Brasilia, 9 Mar (AE)—President Fernando Henrique Cardoso today said that "there are no grounds, there are no economic reasons, for the nervousness of the stock markets." Cardoso's comments were transmitted by his spokesman, Ambassador Sergio Amaral, who added: "As to operations conducted in the market by the Central Bank, they must be addressed by the Central Bank."

In the same report, Amaral said that Civil Household Chief Clovis Carvalho "is cooperating a great deal with the president of the Republic." These comments refute criticism made by parties' leaders in the national Congress, who attacked Cardoso's main adviser.

Amaral also took the opportunity to report that the last 3.17 percent readjustment made to the salaries of the military was legitimate. Commenting on the decree on this readjustment, which has been signed by the head of the Emfa [Armed forces General Staff] without Finance Minister Pedro Malan's certification, Amaral said: "There has been a mistake." The readjustment, he explained, "was agreed upon at the end of 1994, and has been prepared together with, and at the request of, the finance minister."

[Rio de Janeiro Rede Globo Television in Portuguese at 2300 GMT on 9 March, in a report on the stock market and financial situation, adds the following: "The situation was so serious that the stock market, which generally closes at 1700, was still open at 1900, and the Central Bank had to intervene in the market more than 30 times to maintain the dollar exchange rate at 0.88 reals. The government said that the reserves are sufficient for all this, and that those who speculate will lose. Planning Minister Jose Serra said: 'It is a problem of market operation, of betting that the market could behave differently. Those who bet on that will end up losing.'"

Cardoso Sends New Intellectual Property Bill to Congress

PY1003125795 Sao Paulo AGENCIA ESTADO in Portuguese 2344 GMT 9 Mar 95

[FBIS Translated Text] President Fernando Henrique Cardoso today sent to Congress a new draft bill on intellectual property and on the marketing of computer programs in the country. The proposal modernizes former President Fernando Collor's old bill, which has been under scrutiny in the legislative branch since 1991. The new text, which replaces the original one, adapts it to the new rules of the Uruguay Round of the GATT talks on intellectual property. A curious thing about this bill is that its preamble was signed by Science and Technology Minister Israel Vargas in October 1994. At the time of the signing of the preamble four months ago, and while still a minister for former President Itamar Franco, Vargas—who is now President Cardoso's minister—asked Congress to urgently debate the bill.

Government Takes Steps To Stem Foreign Capital Flight

PY1003145395 Sao Paulo AGENCIA ESTADO in Portuguese 1148 GMT 10 Mar 95

[FBIS Translated Text] Brasilia, 10 Mar (AE)—Concerned about the flight of capital from Brazil provoked both by the threat of a crisis in Argentina and by the Mexican crisis, the Brazilian Government has decided to limit the departure of foreign capital from the country. The decision was made at a meeting that concluded early this morning, attended by Planning Minister Pedro Malan, Planning Minister Jose Serra, Civilian Household Chief Clovis Carvalho, Central Bank [BC] President Persio Arida, and by all BC department directors. To this end, one resolution and three circular letters were issued at 0030 today.

Resolution No. 2147 revokes authorization for advance payments of loans in cash and financing for imports.

Circular 2545 provides that "the minimum period between each remittance of foreign capital will be 90 days, though this period may be shortened only for the purpose of reconciling domestic and external expiration dates."

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Circular 2546 establishes minimum periods for contracting foreign loans. Article 1 of this circular textually states that "the period of amortization of foreign loans must extend to at least 24 months." Article 2 provides that "the average amortization period for foreign loan operations involving the issuance of securities abroad with a view to reducing income tax applicable on remittances of interest, commissions, and expenses, will extend to at least 96 months." Article 3 states that "the period established in Article 2 for the purpose of reducing income tax on remittance of interest, commissions, and expenses is also applicable to foreign loan operations involving the issuance of "commercial papers." [quotation marks as received]

Circular 2547 establishes minimum periods for the renewal or extension of foreign credit operations through the issuance of bonds abroad, and for the purpose of reducing income tax on remittances of interest, commissions, and expenses. In its Article 1, Circular 2547 sets "at 180 days the period of amortization for renewals or extensions of foreign credit operations on floating rate notes, fixed rate notes, floating rate certificates of deposit, fixed rate certificates of deposit, public or private bonds, and commercial papers." In a single paragraph, this circular states that participation by the operating agent will not be permitted in these cases. Article 2 of the same circular adds that the minimum average period for amortization of renewals or extensions of these operations for the purpose of reducing income tax payments on remittances of interest, commission and expenses will the same provided for under Circular 2546, which also goes into effect today.

All these measures, which go into effect today, have been taken upon confirmation by the BC that the amount of foreign capital taken out of Brazil on 8 March totaled $587 million, while incoming foreign capital totaled only $80 million. According to Minister Malan's advisers, these measures are designed to bring calm to the markets by closing the channels for remittances. It was the abrupt departure of foreign capital that worsened the Mexican crisis and is provoking the concern of Argentine Economy Minister Domingo Cavallo.

BC Takes Over Bank of Mato Grosso

95SM0193D Rio de Janeiro JORNAL DO BRASIL in Portuguese 3 Feb 95 p 11

[FBIS Translated Text] The president of the Central Bank (BC), Persio Arida, yesterday ordered a takeover of the Bank of the State of Mato Grosso (Bemat) because it had accumulated losses of R9.363 million between July and November and owed the National Treasury R2.5 million under the Woodland Savannahs Development Program. The figures on the takeover were furnished yesterday by Edson Sabino, the BC's Director of Audits. In the coming days, the BC will probably order a temporary special administrative intervention in the Bank of the State of Rondonia (Beron), at the request of Governor Valdir Raupp. This action will bring to a close the series of interventions that have already affected the state banks of Rio de Janeiro (Banerj), Sao Paulo (Banespa), and Alagoas (Produban) since the end of last year. In decreeing the takeover, Persio Arida was yielding to technical arguments by Central Bank experts and political pressure from Governor Dante de Oliveira.

Chile

Aninat Comments on Macroeconomic Goals

PY0903043095 Santiago EL MERCURIO in Spanish 21 Feb 95 pp A1, A12

[By Lauro Garzon]

[FBIS Translated Text] Finance Minister Eduardo Aninat said yesterday that the government is confident it will be able to meet this year's economic goals regarding growth, inflation and commercial surplus despite the uncertainty prevailing in the majority of Latin American economies.

During an interview with EL MERCURIO, Aninat stated that "we are closely observing the situation affecting our neighbors, but we are calm because the government economic indicators and those of the private sector continue to be solid."

He added that it is viable to estimate that this year's production will grow by 5.8 percent, that the surplus of the commercial balance will range between $600 and $700 million, and that the inflation rate will be about 8 percent.

Aninat said: "We see the overall economic situation as being quite solid. Of course, we will not be able to achieve a spectacular growth of 6.5 or 7 percent, as in the past, but we will experience an economic growth that will give us continuity in the years to come."

Regarding the inflation goal, he said that the government trusts it will be able to achieve an 8 percent inflation rate because there are no cost pressures or vested expectations in the private sector to increase it.

He added that the summer months—in January the IPC [Consumer Price Index] totaled 0.6 percent and the February figures show that the inflation rate will be somewhere between 0.4 and 0.6 percent—have never been indicative of the inflation rate because of its hihgly seasonal components. Aninat said: "The true battle with regard to inflation will be waged between March and September."

Aninat stated that the government's trust in achieving solid economic growth despite the negative signals prevailing in the region are based on the excellent economic indicators obtained in the areas of international reserves, savings, and fiscal surplus.

He said that there is no other Latin American country that can show general government savings rates totaling 4.9 percent, as achieved by Chile in 1994. Aninat said:

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"The great majority of countries have either negative or zero indicators. This is a solid and spectacular result for a country that is experiencing an economic adjustment period and economic growth."

He added that this achievement is reassuring. He said that "although we cannot claim complete success because there is still much to be done, this is long-term work that we will continue to implement in 1995."

Aninat also noted the fiscal surplus achieved in 1994, which resulted in an additional income totaling $1 billion and represented 1.7 percent of the GDP. He said: "This is also a record figure in the Americas because even the United States is experiencing a deficit."

Aninat said that foreign trade may be the only economic sector to be affected by the uncertain economic panorama in the region.

He said: "During this temporary situation, we should watch what happens to our neighbors and see how this situation may affect our exports and imports. We will be vigilant with regard to the situation, but it is not befitting to be concerned or anguished."

Aninat added that Chile has a record figure in terms of gross and net international reserves; a fiscal savings totaling 4.9 percent of the GDP, which provides a safety margin in the event of debt problems; and no symptoms or indications of a decrease in foreign investments.

He said: "For us it is not important for short-term capital or "hot money" [previous two words in English] to be invested in the stock market but for investments to continue to flow in the production area. Up to this point, we have not witnessed a decrease in investments in production. On the contrary, requests for investments continue to increase at the Foreign Investments Committee."

Aninat also said that long-term credits for Chile have also increased. He added that what could be affected is the short-term credit. He said: "Although this is not positive, it is not an issue of great concern because Chile has continued to implement a pragmatic macroeconomic policy that seeks to achieve a gradual and systematic economic opening."

Aninat believes it is this process that makes Chile different from other countries like Venezuela or Mexico, for example, as well as from other Latin American countries that have implemented economic opening processes without adopting proper safeguards. He said: "We have safegaurded the reserves and the fiscal savings. We have also adopted stock exchange and exchange rate measures that allow a long-term gradual economic opening. In this sense we have implemented our own system."

Furthermore, the finance minister said that the results achieved in 1994 regarding public savings, decrease of current expenses, and increase in fiscal capital spending, which were disclosed only by the end of last week, show "great progress in the implementation of the fiscal austerity plan that has been enforced in the country." He said that in this regard, Chile completed, in 1994, its eighth consecutive year with a net fiscal surplus.

Aninat said that the Frei administration has decelerated the growth of current expenses of consumer goods and services of ministries and public offices from 7.1 percent in 1993 to 3.4 percent in 1994.

He stated: "That fact of having increased this expense to only 3.4 percent, which is virtually one point less than the GDP growth rate that, in 1994, is estimated to be 4.2 percent, shows that the government has fulfilled what was established in the tax reform drafted at the end of the Aylwin administration in 1993. This tax reform planned to restrict outlays for current expenditures to a rate lower than the GDP."

Aninat added that with this behavior, the administration has helped to decrease the excess spending that was experienced until 1993. He said: "Through a very limitted expansion of the current spending, we have helped to implement the economic adjustment process and to decelarate the fiscal spending."

In addition, he said that capital spending regarding investments in infrastructure, road programs, airport construction and community equipment has increased at a rate of 11 percent, higher than the GDP.

Aninat concluded by stating: "The administration has been cautious and tight in its current spending, reducing it by half of what it used to be, but instead it increased capital expenditures for investments. This has been an effective combination at the macroeconomic level because we were able to balance part of the investments that were not made by the private sector as a result of high interest rates in 1994."

Judicial Branch Under Investigation for Drug Trafficking

PY1003145295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 10 Mar 95

[FBIS Translated Text] Supreme Court President Marcos Aburto has stated that the entire judicial branch is being investigated for possible drug trafficking.

Judge Sonia Araneda, specially appointed to investigate the drug problem, yesterday interrogated an arrested court clerk and went through drug case files at the court.

Judge Araneda yesterday arrived unexpectedly at the court where investigations have been started. Here, behind closed doors, she went through some 10 drug case files, as well as through the data on some irregularities detected at this court during a previous investigation. On that occasion the Appellate Court sentenced Judge Juan Barros Luksic to three months on only half his salary. This sentence has still not been carried out because he appealed before the Supreme Court.

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The Supreme Court president said that drug problem is serious and worrying.

[Begin Aburto recording] I am investigating the entire judicial branch.

[Reporter] Will the investigation affect all levels?

[Aburto] Of course, because nobody is free of this problem. [end recording]

In the meantime, the judge investigating this problem interrogated court clerk Gustavo Romero, charged with drug trafficking, for over two hours.

Central Bank Reports on Foreign Debt

95SM0199A Santiago EL MERCURIO in Spanish 8 Feb 95 pp B1, B18

[FBIS Translated Text] The nation's foreign debt totaled $21.598 billion as of the end of 1994—a figure that represented an increase of $2.412 billion over the corresponding figure for the previous year. This was reported yesterday by the Central Bank in its biweekly report.

The Central Bank explained that this increase was caused by the net disbursement of $1.619 billion in medium- and long-term credit; the net use of $526 million in short-term credit; a positive adjustment of parities in the amount of $238 million; and a $97-million adjustment to correct balances. The aforementioned increments were compensated by reductions in the debt totaling $68 million.

The Central Bank also reported the conversion of $154 million of short-term debt in the private sector to medium-term debt, thus altering the composition of the debt in respect to the terms of payment.

Disbursements of medium- and long-term credit during the year totaled $2.845 billion, 85 percent of which represented loans contracted by the private sector, basically by private companies. A significant part of this total—$2.164 billion—was destined for investment projects.

During the same period, the public sector disbursed credit in the amount of $398 million, $284 million of which was issued by the General Treasury of the Republic and destined for projects relating to infrastructure, health, housing, and support for small business. The private banking sector disbursed $26 million.

With regard to the source of these funds, the Central Bank reported a continuing tendency to return to the traditional credit markets—i.e., to the creditor banks, which contributed 57 percent of the total funds received during the year.

Another major source of funds—a source that represents 28 percent of the total—is the subsidiary companies of the foreign investors and direct suppliers. The multilateral organizations—the IDB [Inter-American Development Bank] and IBRD [International Bank for Reconstruction and Development]—contributed only 8 percent of the total gross financing obtained in the form of foreign credit.

The amortizations of medium- and long-term credit instruments totaled $1.226 billion, $552 million of which was remitted by the public sector; $639 million by the private enterprise sector; and $35 million by the private banking sector. Thirty-four percent of the amortizations was paid to international creditor banks and 33 percent to multilateral organizations; the remaining 33 percent represented amortizations paid to governmental organs and to suppliers.

During the same period, the short-term credit instruments recorded a net positive variation of $372 million—the product of utilizations totaling $526 million and conversions of short-term credit instruments to medium-term credit instruments totaling $154 million.

The Central Bank stated that just as in the preceding years, the proportion of public foreign debt in the country's total medium- and long-term foreign debt decreased, with the result that by year's end it represented only 48 percent of the aforementioned total.

On the other hand, the change in the composition of the net sources of financing was further consolidated. The banks accordingly contributed a net positive flow of $1.208 billion, and the companies associated with foreign investment and the suppliers contributed $567 million, whereas the multilateral and governmental organizations recorded a net negative flow of $156 million.

International Reserves

The Central Bank further reported that during the month of January the net international reserves recorded an increase of $3 million, bringing the accumulated stock [of reserves] to $13.469 billion.

This increment is explained in its totality by the movement of the international exchange parities, and especially by the appreciation of the German mark against the U.S. dollar.

NAFTA Effects on Environmental Policy Viewed

95SM0200B Santiago EL MERCURIO in Spanish 30 Jan 95 pp A1, A12

[By Gabriel Vergara]

[FBIS Translated Text] At the present time, few doubt that priority should be given to the task of joining in the process of expansion now in progress in the world economy—a process characterized by the formation of large trading blocs. Despite the apparent consensus, some sectors point out certain risks.

Last 11 December the nation was officially invited to join the North American Free Trade Agreement (NAFTA), currently signed by the United States, Canada, and Mexico. President Bill Clinton himself

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maintained that Chile was the "ideal partner" for joining what many have called an "exclusive club."

It appeared to be the final achievement of a genuine national aspiration, but in reality it is only the beginning. During the next two years a multitude of technical, political, and legal teams will address the task of negotiating the various aspects that are involved.

Great benefits are anticipated in terms of trade, thanks to the opening of new markets and to the influx of investment that will ensue.

Some sectors associated with the environmental movement, however, voice their concern over the effect that the treaty would have on the environment and over the degree of importance this issue is being accorded in the negotiations.

Two factors are a source of general concern: more than 90 percent of our exports are founded on the exploitation of natural resources and on the degradation experienced in recent years by certain ecosystems.

Senator Antonio Horvath, chairman of the Environmental Committee of the Senate, believes that both the government and Congress have assigned a "terribly low" priority to this issue and have chosen to evaluate the management of the problem in purely macroeconomic terms.

Horvath says this entails risks by virtue of the fact that Chile has had little practice in managing the environment and its environmental laws are very weak. He accordingly maintains that in such a context, NAFTA is able to put natural resources under strong pressure.

Speaking for the ecologists, Pedro Fernandez, chairman of the Committee To Defend the Fauna and Flora (Codeff), explains that his position does not mean he is opposed either to free trade or to NAFTA. He warns, however, that Chilean membership in NAFTA should be made subject to "certain minimum precautions" that the government should take.

These precautions would include improved pollution standards, better management of the environment by the government, and increased citizen participation in a matter whose costs are ultimately transformed into a social problem.

Because this is a sensitive topic for many sectors, rumors of every kind have been circulating, coming for the most part from ecological groups. It has even been said that something akin to an environmental czar would be appointed by the U.S. Government.

Jose Goni, chairman of the National Environmental Commission (Conama), emphatically rules out this possibility. He explains that Chile's environmental policy is not determined by NAFTA and emphasizes that the Commission's task is to solve the most urgent problems and prevent the occurrence of others.

Goni explains that NAFTA contains no environmental standards properly speaking, and that it advocates that each country develop its own laws and methods of inspection.

In this connection, Conama is developing the final chapter of the regulations for the environmental impact evaluations (EIA) and environmental quality standards, which are indispensable for implementation of the entire Basic Environmental Law.

In the context of the opening to trade that the nation is experiencing, Goni says the role of Conama is to create the conditions that will enable economic growth to be compatible with the protection of the environment.

He acknowledges that it is important to continue evaluation of the impact that an agreement of this type can have on the environment. He explains, however, that the pollution produced by business and industry does not depend on such an agreement but on what the Chilean Government and people do to prevent it.

NAFTA is the first trade agreement to incorporate the environmental question as one of its principal targets. The chairman of Conama therefore believes that it will set more than one precedent.

NAFTA actually consists of three agreements, one of which—the central one—deals with trade matters. It was followed by the two complementary agreements that provide for cooperation on labor and environmental matters. In addition to creating an advisory council, the second document establishes that each country has the obligation to comply with its own laws in this connection and empowers the other parties to inspect and require that the standards be observed. In other words, it does not establish a common body of laws.

The environmental movements maintain that this aspect could mean that Chile will sign only the first document. Anibal Mege, the environmental manager of the Industrial Development Association (Sofofa), believes, however, that this is unlikely, because it would mean giving Chile an unjustifiable advantage in the eyes of public opinion in the member states.

Mege explains that the sanctions contemplated in the treaty for noncompliance with the environmental standards can be as much as $20 million for the United States and Mexico, and in the case of Canada it can mean suspending the tariff benefits contained in the treaty for specific activities that violate the standards.

He maintains that inasmuch as the document allows for increasing inspection, "it is inexplicable that some people are saying that NAFTA contravenes environmental standards and is adverse to the protection of the environment."

He also warns that with or without treaties of economic integration, the consumers themselves demand that the

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products they buy be in compliance with the environmental standards that they have in their own countries, and will discriminate against those products that do not incorporate "green" technologies.

Experts of the Finance Ministry who have the task of coordinating the negotiations have pointed out that this treaty eliminates the possibility that the environmental laws of an individual country will be violated in order to attract investment capital, and also prevents violation of the regulations in order to reduce the costs of production.

These experts therefore believe that the possibility of contracting environmental obligations during the treaty negotiations is in keeping with the objectives of Chilean policy. They also believe that the treaty will provide greater opportunities for technical cooperation and for access to venues for the solution of ecological controversies.

Despite the safeguards adopted in the treaty, the ecologists appear to be skeptical with regard to the final balance sheet.

Cecelia Suarez, executive director of South Pacific Greenpeace, believes that even though the standards do exist they concentrate on pollution and neglect matters such as biodiversity and the exploitation of natural resources.

Suarez also believes that the agreement should include the establishment of common standards, which in her opinion would ensure similar levels of protection.

In her opinion, the complementary environmental agreement is merely a "green disguise" of support for trade, and she calls for greater citizen participation in the debate.

However, Ambassador Pablo Cabrera, director of Special Policy for the Foreign Ministry, believes that in the matter of environmental standards, it is preferable to seek equivalences that would make it possible to reconcile the diverse realities of development and ecology that exist among the member nations.

He explains that the goal is to seek standards whose application will be gradual and in accordance with Chile's ability to meet them but also be in accordance with the existing international standards.

Cabrera further explains that the topics for discussion will include determining whether the international agreements on matters such as biodiversity and protection of the ozone layer will be included.

His directorate is accordingly compiling the relevant background material with a view to making it available to the negotiating teams when the time comes.

The fact is that the legal matters constitute one of the points to which the environmentalists are sensitive. Fernandez accordingly voices his fear that certain articles in the agreement will fail to protect the ecosystems. In particular, the problem concerns Article 608, which establishes a commitment among the parties to provide incentives for the exploration and development of oil and gas.

According to the chairman of Codeff, the combination of this point with Article 17 of the Chilean Mining Code (which places conditions on the existence of nature reserves) can result in grave danger for the protected zones such as national parks, inasmuch as in many cases all it takes is a decree to permit intervention in them.

PRC Military Delegation Arrives for Visit, Meets Pinochet

PY0703144895 Madrid EFE in Spanish 0101 GMT 7 Mar 95

[All names as received]

[FBIS Translated Text] Santiago, 6 Mar (EFE)—Chilean Army Commander General Augusto Pinochet gave a dinner tonight to honor General Xu Huizi, deputy chief of staff of the PRC People's Liberation Army, and the six members of his delegation.

The Chinese military delegation, which arrived on 2 March by invitation of the Chilean Armed Forces General Staff, will stay until 8 March.

The Chinese mission has already visited the President Eduardo Frei Montalva base (named after President Eduardo Frei Ruiz-Tagle's father) in the Antarctic, and also the Chinese Great Wall base, which is near the Chilean base.

The delegation also visited the Army War Academy, the Army Ordnance (Famae), and the Army Artillery and Armored Maintenance Battalion in Santiago.

General Xu Huizi came with Major General He Linzhong; Navy Chief of Staff Xu Quiliang, Air Force Chief of Staff Major General Dong Lianju, and Army Cabinet Chief Colonel Xu Junping.

The other members of the mission are Colonel Tang Huaiguang, deputy chief of the Oceania and South America Division of the PRC Foreign Ministry, and Colonel Chen Dong of the same division.

The relations between the Chilean Army and the PRC People's Liberation Army were strengthened with the 15-day visit by Gen. Augusto Pinochet to China in April 1993.

The PRC regime did not break its diplomatic relations with Chile after the 11 September 1973 military coup. China and Romania were the only communist countries that maintained relations for the almost 17 years of the military regime headed by Gen. Augusto Pinochet.

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Antidumping Duty on Imports From PRC Established

PY1003040695 Madrid EFE in Spanish 2155 GMT 28 Feb 95

[FBIS Translated Text] Santiago, 28 Feb (EFE)—The National Commission for Trade Distortions [Comision Nacional de Distorsiones] will implement a 10 percent specific "antidumping" [preceeding word in English] duty on imports from the PRC, mainly shoes.

This information was disclosed by Finance Minister Eduardo Aninat, who also said that the commission, which is under the jurisdiction of the National Economic Inspector's Office, has been concerned over the issue of unfair competition.

Aninat said this type of imports hurt national competitive production.

The so-called "dumping" (unfair competition) involves a subsidy that is generally paid by the state to make it possible to export some products at lower prices, to introduce them into a foreign market at prices lower than those of the local product.

Aninat said: "In the future the government will always be watching for two aspects: Open and competitive trade promotion for our exports in foreign markets, and that imports arrive openly under conditions of fair, as opposed to unfair, competition."

Aninat explained that the measure is a special duty to prevent dumping, which he described as unjust, inequitable, and harmful to national production.

Modernized Mirage Aircraft Purchased From Belgium Arrive

PY0703213095 Madrid EFE in Spanish 1802 GMT 3 Mar 95

[FBIS Translated Text] Santiago, 3 Mar (EFE)—The Chilean Air Force (FACh) confirmed today, 3 March, that the first consignment of the modernized version of the Mirage M-5M Elkan fighter-bombers, purchased last year by the FACh from Belgium, has arrived aboard a Russian transport plane.

This consignment consists of three planes that were dismantled to bring them aboard a Russian Antonov An-124, the largest transport plane in the world, which landed yesterday at the Cerro Moreno Airport in Antofagasta, 1,368 kilometers north of Santiago.

These planes are part of a fleet of 20 modernized units and five others which are unmodernized and which will be assigned to the Cerro Moreno Aviation Group. These planes cost about $100 million.

The Mirage planes will replace the old Hawker Hunters which have been in service for 29 years and have fulfilled their operational life.

The new FACh planes are called "Mirage Mirsip" in Belgium. They will be called "Elkan" in Chile, which in the Mapuche language means "guardian."

The planes will be fully assembled at the Antofagasta Air Base by Chilean technicians specially trained in Belgium.

The report states that the remaining units will arrive within the next two months.

The Belgian fighter planes were modernized by the "SABCA" company, a branch of the French Dessault which created the Mirage planes. They have been fitted with new electronic equipment.

These fighter planes can travel from Santiago to Punta Arenas (2,240 kilometers to the south) and still have some fuel left.

The "Elkan" has great range and firepower. It is a multi-purpose plane, that is, it can be used as interceptors, for air combat, and against ground targets.

The "Elkan" planes were modernized initially for the Belgian Air Force, which was later forced to reduce its allotment by 40 percent on orders of the EU as a result of changes on the geopolitical map following the collapse of the Soviet Union.

Colombia

High Command To Discuss Guerrillas With Venezuelans

PA0903175895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 8 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] At a special Security Council meeting at the presidential palace today, it was agreed that Colombia's military high command will meet on 9 March with its Venezuelan counterpart to discuss the issue of guerrilla attacks.

The meeting, which will take place on the Arauca border, is an attempt to concurrently convene the two countries' Foreign Relations Commissions so they can resolve the constant attacks by the FARC [Revolutionary Armed Forces of Colombia] and the ELN [Army of National Liberation]. Among the solutions expected is joint operations by the two armies.

Foreign Minister Rodrigo Pardo has addressed the issue:

[Begin Pardo recording] We are willing to agree on operations and mechanisms that will effectively improve security along the border. I believe, however, that anything that is done should, obviously, be based on agreements. [end recording]

Both countries have intensified their military presence along the border while a solution is reached. The two governments will also consider ways to resolve the

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constant complaints of abuse leveled by Colombian peasants against Venezuelan soldiers in this region.

Defense Minister Rules Out Possibility of Border War

PA0903175595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 9 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] When asked by the "Seven O'Clock Newscast" about the attitude of some people who are in a position to influence Venezuelan public opinion and who expressed their opinions on a Venezuelan television program, Defense Minister Fernando Botero explained the Colombian Government's position. This occurred one day before a border meeting with authorities from that country.

[Begin recording] [Botero] The important thing is to not increase the problems and differences, but to seek mechanisms for reconciliation and to work constructively hereafter. It is in this spirit that I am going to meet tomorrow with the Venezuelan defense minister, with that country's High Command in order to reach an agreement on how together we can better protect the border.

[Unidentified reporter] Minister, isn't it serious that a former Venezuelan minister, a ranking Venezuelan official, is saying that there might be a war in this zone?

[Botero] I think there's no possibility of war on the border. No doubt these are radical opinions. I am not aware of the official position. The guilty are the Colombian guerrillas. This is something we must be clear about. We must say this very clearly. We have a military presence...

[Reporter, interrupting] Can you rule out the possibility that the Venezuelan military will cross over into Colombian territory to pursue the guerrillas?

[Botero] That will be discussed tomorrow. We are open to any proposal, within the framework of reciprocity between the two countries.

[Reporter] Don't you find this rather harebrained?

[Botero] Not if there is reciprocity. [end recording]

Surrender Policy Commission Presents Results of Work

PA0903174495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 9 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The first results of the work carried out by the commission in charge of strengthening conditions for the surrender policy were presented today at Narino Palace.

The proposed reforms are quite strong. The first and most important reform to the surrender policy will be to prohibit negotiations with any criminal using minimum prison terms as a basis from being carried out. Seeking to eliminate all the irregularities that had been reported, the benefits granted to those who cooperate with the authorities will be handled exclusively by the prosecutor general of the nation from now on:

[Begin Prosecutor General Alfonso Valdivieso recording] I do not grant it when I consider there are no grounds. Benefits that were not valid and logical have been proposed in the past. [end recording]

Meanwhile, the government will permanently watch each of the drug traffickers who have surrendered to the authorities and will create a national register on these people. The goal is to prevent them from continuing to perpetrate crimes while in prison.

Furthermore, Colombian laws will clearly specify what benefits will be granted to inmates engaged in social work and teaching or due to a papal visit. All these norms will be issued next week through presidential decrees. A bill will be submitted to Congress so it may have a permanent basis.

Spanish Embassy Attacked; Weapons Stolen

BR1003095095 Madrid ABC in Spanish 10 Mar 95 p 29

[Report by C. Lago: "Bogota Embassy Stormed—Weapons of Two Guards Stolen"]

[FBIS Translated Text] Santa Fe de Bogota—The Spanish Embassy in Colombia was stormed early Wednesday morning [8 March] by two individuals who overpowered the security officers and got away with the security team's weapons.

Although the two individuals claimed to be members of the Colombian Revolutionary Armed Forces [FARC], Spanish Ambassador to Colombia Carmelo Angulo said that the style of the operation and their reaction when they discovered that they could only obtain the weapons carried by the security men seemed to indicate that they were common criminals.

The two men deceived a professional guard into believing that they were members of the embassy electrical maintenance team and thus gained access to the garage area. After overpowering the guard they began to make a lot of noise to attract the attention of the civil guardsman whom they tied up at gunpoint.

The embassy security system prevented them from accessing the rest of the building.

Ecuador

President To Request Vatican Intervention

PA1003010495 Quito Voz de los Andes in Spanish 2309 GMT 9 Mar 95

[Report by Loida Carriel from the "The Voz Andes Newscast"]

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[FBIS Translated Text] Ecuadoran President Sixto Duran-Ballen and Congress President Heinz Moeller will travel to the border provinces of Zamora and Loja tomorrow. This trip ends their tour of those provinces most affected by the conflict with Peru. During his visit, which will last until Saturday, the president will sign important contracts for the Amazon region, including the rebuilding and paving of the Timbara Cumbaratza Airport. The restoration will permit the landing of larger planes.

The president also is preparing to travel to Germany, the Netherlands, and the Vatican. He plans to talk with Pope John Paul II and ask for his mediation to definitely resolve the border dispute with Peru.

[Begin Duran-Ballen recording] I will report on the positive results achieved as the tour develops. I also will hold talks and outline projects and other programs. We will report on the positive results we expect to obtain in our two countries when I return from the trip.

The trip to the Vatican is important, because, as has been reported in our country and abroad, the Holy See, and specifically the pontiff, could take some kind of action in the conflict, whether through mediation or by issuing an expert assessment. What we want to do is talk to the holy father and Vatican State Secretariat officials to determine the manner, dimension, and under what conditions the Holy See might help us resolve the problems with our southern neighbor. We will not present any concrete proposals to them, because it is not yet the time to do this.

Last, I will complete my visits to the border provinces tomorrow. These are the provinces that have suffered the most from the recent events. Some of them endured the attacks of the southern country, and others had to prepare for combat. For example, I visited L'Oro Province last Saturday and will visit Loja Province tomorrow. Later, we will go to Zamora Province, where we will sign a contract to rebuild and pave the Timbara Cumbaratza Airport. The landing strip will be extended to approximately 1,500 or 1,600 meters. [end recording]

The Ecuadoran president will leave for Germany, the Netherlands, and the Vatican next Tuesday, 14 March, and is scheduled to return to the country on 27 March.

Views Conflict, Economic Repercussions

PY1003001095 Montevideo EL OBSERVADOR ECONOMICO in Spanish 2 Mar 95 p 32

[Interview with President Sixto Duran-Ballen by Martin Sarthou in the Juan Manuel Blanes suite of the Victoria Plaza Hotel in Montevideo on 1 March]

[FBIS Translated Text] [Sarthou] Upon your arrival you told EL OBSERVADOR that you do not think there is a before Montevideo, and an after Montevideo in the conflict. Today, after a cease-fire has been declared, can we say that a step toward peace has been taken?

[Duran-Ballen] Well, I definitely think so, but we need to see the Peruvian will to respect the Declaration of Montevideo, because this document is similar to the Itamaraty accord, which was signed only a few weeks ago in Brasilia. Even though Peru signed it, it was not fulfilled. This time, you, the Uruguayan hosts; the guarantors; and Latin America as a whole hope the agreement will be fulfilled.

[Sarthou] Is Ecuador ready to concentrate its troops at the Coangos base?

[Duran-Ballen] Yes, so that the observers from guarantor countries can take the necessary steps for the two sides to demobilize their troops—the Ecuadorans to Coangos and the Peruvians to Watch Post 1 (PV1). We are ready to do our share. If they do not do it, we will remain in our positions, because we cannot give them this advantage.

[Sarthou] But would you resort to a mechanism other than that of the guarantors of the 1942 Rio Protocol?

[Duran-Ballen] It is worth making a distinction between two processes. One of them developed around November 1947, after the discovery of the Cenepa River, a geographical feature that prevents fulfillment of the border protocol of 1942. From that time up until a few weeks ago, there was a passive process in which the guarantors—and I have said this many times—did not try to make us find a solution other than the one that had been provided for, considering that actual circumstances were also different.

[Sarthou] Do you believe in the promotion of joint Ecuadoran-Peruvian development projects?

[Duran-Ballen] Yes. Part of the process leading to a fair solution should be based on what all countries are talking about here, namely, the famous Latin American integration. In December we signed a document in Miami that mentions full integration by 2005. How long has this conflict—which was provoked by Peru—delayed us? The Ecuadoran and Peruvian economies absolutely supplement and complement each other, and we therefore have the obligation to promote integration, even before we promote it with other contries.

[Sarthou] How long could your country withstand a conflict of this type economically?

[Duran-Ballen] Economic repercussions in Ecuador have not been so strong because the Ecuadoran economy was not caught by surprise. This proves that we implemented a very good economic policy that has yielded results. Yet there is a limit to everything, and at this time, the two countries need a cease-fire.

Ambassador Reasserts Rio Protocol Based on 'Error'

PA1003014095 Quito Voz de los Andes in Spanish 2300 GMT 9 Mar 95

[From "The Voz Andes Newscast"]

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[FBIS Translated Text] Edgar Teran, Ecuadoran ambassador to the United States, has held a news conference in Washington where he reiterated our government's position on the 1942 Rio de Janeiro Protocol that established peace between Peru and Ecuador. The protocol, he said, is based on a geographic error that has to be corrected. At the time the protocol was signed, there was inadequate cartographic information, and photographs taken at a later date prove that the region in dispute does not conform to the definitions outlined in the 1942 protocol, he stated. Therefore, Ambassador Teran stated, Ecuador believes it is fair that the old border delimitation, which refers to a dividing line from the San Francisco stream to the confluence of the Yaupi and Santiago Rivers, be reviewed.

The ambassador said Ecuador does not have any concrete proposal to have a [word indistinct] line, but he asserted that it does want access to the Amazon River. Therefore, he argued that it is necessary for the Rio de Janeiro Protocol guarantor countries—the United States, Chile, Brazil, and Argentina—to help Ecuador and Peru hold a dialogue on border issues once the cease-fire, which was agreed upon in Brasilia on 17 February and reaffirmed in Montevideo on 28 February, is consolidated. Ecuador, he said, will attempt to renew talks on border issues with Peru once peace has been guaranteed by the presence of international observers, who can confirm the end of hostilities in the disputed area. This issue is also included in the Itamaraty Declaration signed in Brazil on 17 February 1995. On that occasion, as well as in Montevideo 11 days later, Peru and Ecuador agreed to initiate talks to find solutions to their differences.

In light of this commitment, Ecuador wants to renew negotiations on border issues that are partially included in the Rio de Janeiro Protocol. In contrast to this, according to what Jose Bosa, the spokesman of the Peruvian Embassy in Washington, told EFE, Peru considers that the initiation of talks does not imply a revision of the Rio border agreements.

In this context, and although Ambassador Teran did not clearly reveal the steps the Ecuadoran Government plans to take to have the contents of the Rio de Janeiro Protocol reviewed, he asserted that it is clear that the continent cannot allow itself the luxury of maintaining this type of open conflict. Edgar Teran reiterated that Ecuador did not initiate this conflict, which has pitted soldiers from both countries against each other in the Condor Mountain Range for a month. He stressed that Ecuador does not benefit in any way from this war, and he invited international media to investigate whether there are serious political reasons in Peru that might explain, but not justify, the situation.

Meanwhile, Blasco Penaherrera, Ecuadoran ambassador to the OAS, asked the organization on Wednesday to send the Inter-American Human Rights Commission both to Ecuador and Peru to observe first-hand the treatment given to soldiers by each government.

Military Observers From Guarantor Countries To Arrive

PA0903182395 Quito Voz de los Andes in Spanish 1700 GMT 9 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The mission of military observers from the guarantor countries of the Rio de Janeiro Protocol, headed by Brazilian General Candido Vargas de Freire, will arrive at the Ecuadoran-Peruvian border today. The mission, consisting of 50 representatives from the guarantor countries—Argentina, Brazil, Chile, and the United States—will split up into two groups and tour the Ecuadoran and Peruvian sides of the border in dispute.

The mission, according to a statement from Itamaraty Palace, will have 90 days, which can be extended, to begin pulling back the troops and to establish a demilitarized zone in the disputed region. The observers will reach Piura in northern Peru, from where they will go to Bagua and then to Watch Post No. 1, PV1, in the zone where part of the fighting took place between the two sides during the five-week, undeclared, war. There, they will receive a briefing by the liaison mission that is carrying out its work along the border. The mission has confirmed that troops in the Peruvian border region are beginning to pull out.

Official Blames Peru for Delay in Arrival

PA0903231995 Madrid EFE in Spanish 2220 GMT 9 Mar 95

[FBIS Translated Text] Quito, 9 Mar (EFE)—The delay in the arrival of "permanent" observers in Ecuador and Peru may have been prompted by changes introduced to the Itamaraty and Montevideo Declarations. However, the official reasons given to the Ecuadoran Government is that the delay is "because of logistical reasons."

Ecuadoran Defense Minister General Jose Gallardo today told EFE: "I was informed the delay would be for 24 hours. However, the reason given was not exactly the one you stated, but, rather, it was blamed on logistics. We have not been told that the arrival of the observers has been suspended."

Ecuadoran Ambassador Diego Rivadeneira, the liaison between the Ecuadoran Government and the "temporary" observers, is currently in the disputed zone. He told EFE that his country is not the one that has impeded strict compliance with the observers' agenda. The observers were originally scheduled to arrive today in Ecuador and Peru.

"What I do know is that Peru has placed some kind of impediment—some kind of delaying tactics—to impede the observers from arriving promptly. I do not know exactly what these were. The only thing I can tell you is that the Itamaraty Declaration is a document that both countries must uphold in good faith. If one of the two

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countries fails to uphold it in good faith, then we really do not know where we are heading," Rivadeneira asserted.

Foreign Ministry Condemns Attack Against Peruvian Diplomat

PA0903184995 Quito Voz de los Andes in Spanish 1700 GMT 9 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Today, Ecuador condemned the attack against a Peruvian diplomat in this country and rejected the Peruvian Foreign Ministry charge of harassment. Ecuador does not accept the charge contained in the official Peruvian communique that the attack against the Peruvian deputy consul lies within the framework of harassments, the Ecuadoran Foreign Ministry declared in a communique.

It added the Ecuadoran Government respects the personal integrity of all foreign personnel who are in the country, much more so if they are engaged in diplomatic functions. Eduardo Gonzalez Mantilla, Peruvian deputy consul in Ecuador, was the victim of an attack recently from which he escaped unscathed. The attackers fled, taking his personal documents and vehicle. The incident occurred while he was returning from Tumbes along the Peruvian border to Machala, where the consulate is located. According to the diplomat, the culprits of the attack were Ecuadoran military members.

The Ecuadoran Foreign Ministry strongly denied the culprits of the attack are Army members. After learning of the incident, the Foreign Ministry requested an immediate, exhaustive investigation. Preliminary results of the investigation reveal the attack was staged by common criminals. The Ecuadoran pronouncement on the incident took three days to become official. After learning of the incident, the Peruvian Foreign Ministry immediately submitted a communique demanding an investigation.

Envoy to OAS: Peru Violated Human Rights

PA0903125095 Quito Voz de los Andes in Spanish 1200 GMT 9 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Ambassador to the OAS Blasco Penaherrera has denounced at that organization that Peru violated Ecuadoreans' human rights during the armed conflict, the reason why he has requested the urgent presence of the Latin American Human Rights Association to verify such violations.

Despite this inconvenience, Blasco Penaherrera maintains that the arrival of international observers in the country at any time is pleasant news that fills the region with hope.

Armed Forces Chief Rules Out Clashes With Peru

PA1003135695 Quito Voz de los Andes in Spanish 1200 GMT 10 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] General Victor Manuel Bayas, chief of the Ecuadoran Armed Forces Joint Command, has ruled out there have been any clashes between Ecuador and Peru in the last 48 hours. He has emphatically stated there have been no military confrontations in the border area, and, therefore, the peace agreement approved in Montevideo is being observed.

Bayas insists negotiations have now been transferred to Brazil once again to exert pressure for the immediate presence of the international observers in the conflict area.

Several Lessons Said Learned From Conflict

95P20603 (Internet) Foreign Ministry Gopher in Spanish 1 Mar 95 p 0

[Commentary by Alba Luz Mora from Guayaquil EL TELEGRAFO 28 Feb 95 p 4-A: "Lessons From the Conflict"]

[FBIS Translated Excerpt] [passage omitted] The consequences of this fratricidal, incessant, and difficult war between our Armed Forces and Peruvian battalions, the permanent alert we maintained on the domestic front as events unfolded, the information war and diplomatic negotiations have been new, incomprehensible, traumatic, and upsetting experiences for us.

But many positive things, hitherto unknown, about the Ecuadoran people haved come to light: the iron unity which characterized both civilians and the military when confronted with adversity; the unshakeable faith in our military and political leaders; the courage of the Ecuadoran soldiers and of the people living on the border; the national identity and sovereignty expressed by even the most isolated ethnic groups in Amazonia; the confident and efficient professionalism of the Armed Forces; and the solidarity among the government, the people, and the military. Also, the fact that honesty and good faith characterized our statements at various forums; that official spokesmen and the media gave timely and appropriate information; that the diplomatic offensive was waged with political impartiality and carried to all countries in the region and to international organizations. In addition, the positive, courageous, and determined attitude of our women, either as part of the Armed Forces or as mothers and wives of our combatants and the firm, unwavering, and resolute stance of our chief of state both abroad and at home.

But although these Ecuadoran national traits should make us proud and should be valued, we also learned several lessons:

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Distrust of Peru and its leaders. They do not act in good faith and their decisions and statements lack steadfastness and honesty.

Failure to appeal to multilateral organizations to shorten the confrontation and avoid the bloody result.

The inconvenience of having a border problem with an expansionistic and aggressive nation.

We must, at all times, adopt the same thesis and maintain a single clear position based on a protocol which was signed and ratified by the Ecuadoran Congress and Government of that time. Its ninth article contains the mechanisms to rectify that which was expressed but inexecutable because it does not correspond to geographic reality for obvious reasons "in situ." We must solve, once and for all, this prolonged and adverse territorial problem which causes upheaval and keeps us from developing and conquering poverty and backwardness.

Peru

'Last Minute' Disagreement Delays Arrival of Observers

PY0903190695 Madrid EFE in Spanish 1839 GMT 9 Mar 95

[FBIS Translated Text] Piura, Peru, 9 Mar (EFE)—Diplomatic sources said today that "last minute" disagreements on the content of the document that will regulate the activities of the observers of the guarantor countries who will demilitarize the border conflict zone between Peru and Ecuador have delayed their arrival in Piura.

According to the sources, apparently Ecuador refuses to accept some of the basic requirements demanded by the mission of observers to do their work "not only with security but also with effectiveness."

The ruling document, entitled "Agreement for Definition of Procedures," must be signed by Peru, Ecuador, and the guarantor countries of the Rio de Janeiro Protocol, Argentina, Brazil, Chile, and the United States.

The regulation is considered "essential" for the mission of observers to act with full freedom in the conflict zone between Peru and Ecuador.

The ambassadors of the guarantor countries have arrived in Piura. They are: Arturo Ossorio of Argentina, Carlos Luiz Coutinho of Brazil, Luis Martinez of Chile, and Alvin Adams of the United States.

Communique Denies Quito Article on Delaying Process

PY1003004495 Lima Radio Programas del Peru Network in Spanish 2350 GMT 9 Mar 95

[FBIS Translated Text] We have just received a communique from the Foreign Ministry concerning an article published on the front page of the Quito newspaper HOY today, entitled: New Peruvian Delays. This article tries to convey the impression that the Peruvian Government is thwarting the preparation of the document establishing procedures for the implementation of the cease-fire.

The Foreign Ministry wants to inform the public of the following:

1. Yesterday, 8 March, the Peruvian ambassador to Brasilia was instructed by our government to immediately endorse the establishment of procedures provided for in the Itamaraty Peace Declaration.

2. Consequently, the article is false and unfounded.

3. The Peruvian Government wants to call the attention of international public opinion to the not very serious attitude of the Ecuadoran officials, who, from the very beginning, have been jeopardizing the total fulfillment of the Itamaraty Peace Declaration, the Declaration of the Guarantor Countries, and the Montevideo Declaration.

Following this, we have received a second communique, which states:

The Foreign Ministry wants to report that Peruvian ambassadors accredited to the guarantor countries of the 1942 Rio de Janeiro Protocol have been recalled to Lima to participate in a working meeting with Foreign Ministry officials.

This meeting seeks to coordinate the action of our diplomatic missions in Argentina, Brazil, Chile, and the United States, in the process of implementing the agreements provided for in the Itamaraty Peace Declaration, the Declaration of the Guarantor Countries, and the Montevideo Declaration.

Venezuela

Cararabo Investigation Continues Amid Complaints

PA0903185095 Caracas Venezolana de Television Network in Spanish 1550 GMT 7 Mar 95

[Report by Maria Teresa Gutierrez from "The News" newscast]

[FBIS Translated Text] The governor of Amazonas, Professor Nelson Devia Ortiz, will ask for an investigation into and maybe even a court martial for the Cararabo massacre in Apure, where the events took place. Over a week after the Cararabo events in Apure, logistics, support, strategies, and even investigations are still being conducted in neighboring Amazonas. Amazonas Governor Nelson Devia believes that the time has come for this entire procedure to be conducted at the site of the events, so that each governor can assume responsibility for his region.

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[Begin Devia recording] The time has come for the trial to take place where it should, in San Fernando de Apure, because the military court is in that jurisdiction. [end recording]

Meanwhile, there is still concern about attacks by the so-called narco guerrillas in this border state. This concern was expressed by senators from the region: Bernabe Gutierrez, a member of the Defense Commission, had some straightforward observations.

[Begin Bernabe Gutierrez recording] It is assumed in Puerto Ayacucho—and I am sure of this—that this is the narco guerrillas' answer or reaction to the dismissal of Governor (?Ortega Alfallago) and other ranking officials in Amazonas. [end recording]

Senator Yolanda Escobar also made specific statements on this sensitive problem.

[Begin Escobar recording] We are the ones who supply these guerrillas with oxygen by way of Corpoven [Venezuelan Petroleum Corporation]. We should cut off some of the gasoline. In Amazonas we use approximately 900 liters, but about 7 million liters are actually sold. Where do those liters go? [end recording]

But the other side of the coin is now being experienced in Puerto Ayacucho, where the detainees are being held. Most are residents of Cararabo being investigated by a military court. Their relatives complain about disappearances and abuses and are demanding answers.

[Begin recording] [Gutierrez] Where is your son?

[Unidentified woman] I don't know.

[Gutierrez] What's his name?

[Woman] Juan Vicente Parmero. I want to know what they did to him. According to the [word indistinct] by an underage child who has a broken leg, my son is dead.

[Gutierrez] Do you want to appeal to the authorities for an answer about your sons?

[Woman] Yes. I want to know what happened to my sons! I want to know what happened to my sons! For God's sake, for your own soul, I want to know what happened to them, whether they are alive or dead!

[Gutierrez] Have you been told if they are imprisoned?

[Woman] I have been told nothing. [end recording]

In Caracas, Deputy Vladimir Villegas, a member of the Human Rights Commission, said:

[Begin Villegas recording] I believe that these detainees' responsibllity in the incident should be investigated, but I absolutely cannot condone the torture and physical abuse to which they are being subjected. [end recording]

The situation is not clear yet. The investigation continues, and people are still grieving over the incident. This very week the military judge in charge of this case, Lieutenant Colonel Carlos Gonzalez Barrada, must make a decision on the Cararabo incident.

Border Commissioners View Guerrilla Attack

PA0903175095 Caracas Venezolana de Television Network in Spanish 1550 GMT 8 Mar 95

[Report by Pedro Prado from Miraflores Palace in Caracas; from "The News" newscast—live relay]

[FBIS Translated Text] We are here with two members of the Presidential Commission on Border Affairs sworn in today by the president of the Republic at the presidential palace. They are Commission President Valmore Acevedo Amaya and former Defense Minister General Italo Delvalle.

We will first talk to Dr. Valmore Acevedo Amaya. We have experienced the tragedy at Cararabo. We have signed hundreds of agreements with Colombia to prevent problems with the guerrillas, but we have not gotten any answers from the Colombian Army or government, or, at a minimum, any answers have been very mild. According to the commission over which you will preside, what are some possible and immediate solutions to these very serious conflicts?

[Acevedo] This massacre of Cararabo, which has evinced so much pain and indignation from Venezuelans, has undoubtedly created tension between the two countries, because feelings of pain are quite widespread among all Venezuelans. It is evident, however, that the main goal of our commission is to make recommendations, to make the proper recommendations on all issues to help develop border areas and improve our population's living conditions. We also want to give attention to border integration programs within the framework of the Andean Pact of the Cartagena Accord in order to improve things. In view of the current situation, we must immediately carry out very intense, defined, precise, concrete, and vigorous actions at the military and political-diplomatic levels.

[Prado] Gen. Italo Delvalle, Venezuela has said that the Colombian Government is too soft, if we may call it that. The Colombian Army has not reacted to guerrilla attacks. The number of dead Venezuelans has grown throughout the years. What's the answer? What should the Venezuelan Army do to prevent the guerrillas from making these flagrant attacks?

[Delvalle] Border security is among the duties of this commission. We will undoubtedly continue the dialogue with Colombian authorities in hopes of receiving a positive reply, which has thus far been lacking. Why? Because, as we all know—this is a very worn subject—the Colombian Government has lost all political and economic control and control over the actions of its nationals along the entire border. To whom did they lose control? They lost it to the Patriotic Union, the political arm of the FARC [Revolutionary Armed Forces of Colombia]. And what has happened? In the past eight

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years FARC's power has grown significantly. The territory it controls has tripled; its ranks and its finances have also tripled. Why? Because it has lost its identity with the concept of guerrilla warfare and joined forces with other Colombian guerrillas.

Thus, the Colombian Government has not yet responded. And we have no guarantee that incidents like this won't be repeated. We want the whole world to know about all the aggression Venezuela has suffered that originate in Colombian territory. This is important. Why? Because once the world knows about this, and we claim our right to defend ourselves from hot pursuit beyond the limits of an aggressive force operating from enemy territory. We do not want the world to view us as the aggressor.

Defense Minister on Evidence of Cararabo Massacre

PA0903222195 Caracas Venezolana de Television Network in Spanish 1550 GMT 9 Mar 95

[From "The News" newscast]

[FBIS Translated Text] Venezuela will continue to pressure the Colombian Government to assume responsibility for the Cararabo massacre. At this time, the military high commands of both countries are holding a meeting in Apure State. National security and integrity are at stake. The executive branch has requested deeds instead of words.

The high-level meeting between Colombian and Venezuelan military officers is aimed at asking Colombia to assume, once and for all, control over its border and prevent guerrilla actions. Another point on the military agenda is to request from the Colombian defense minister concrete evidence on the arrest of the guerrilla who reportedly led the assault on the river post of Cararabo.

[Begin Defense Minister Moises Orozco Graterol recording] The information we have received so far on this case from the Colombian Armed Forces commander indicates that they arrested the alleged guerrilla who led the attack. I think they are telling the truth. In any case, I hope to receive more accurate information and proof that this gentleman has indeed been recognized as the leader of that guerrilla attack. [end recording]

President Caldera Welcomes Peru's Fujimori

PA0903191295 Caracas EL UNIVERSAL in Spanish 8 Mar 95 p 1-12

[FBIS Translated Excerpt] President Caldera delivered the following speech during a luncheon at Miraflores Presidential Palace in honor of Peruvian President Alberto Fujimori:

"When I invited you to take part in the meeting of heads of state of Bolivarian countries to honor the Grand Marshal of Ayacucho on the second centennial of his birth, I assured you that you would be received with affection, cordiality, and fraternity because whatever the circumstance, these are two sister countries. Venezuela is Peru's sister country. Many times during the visits I have made to your fatherland I have experienced a feeling of friendship and fraternity toward Venezuela. [passage omitted]

"And we—who believe that history is not only a reason to remember, but a cause, a source of commitments, of ideals, and purposes—are convinced that now as well as in the past, that this homage to Ayacucho commits us to increase the efforts of all our fatherlands, of all our peoples, to enable us to achieve the social and economic development we are committed to.

"Precisely, Mr. President Fujimori, this homage, this celebration of the leader, of the leader of the struggle in Latin America's decisive battle, on whom Bolivar himself wrote a biography with the greatest praise that a man can be paid tribute with, commits us to reaffirm our union. And it is at this moment, when there is talk of integration, it is necessary, urgent, and essential that there be a rapprochement between the Andean Pact and Mercosur [Common Market of the South], in other words, an association between the continent's northern and southern countries.

"Venezuela has offered to host a meeting between representatives of both integrationist movements, and Peru, I am sure, given its location and as a venue of the definitive independence process, will also give its important and efficient assistance so that both movements may integrate the Bolivarian countries and Mercosur countries to fulfill such a necessary, urgent, and yearned-for ideal as the integration of Latin America.

"Your presence here, Mr. President of Peru, has been very pleasing. Your homage in the Marshal of Ayacucho's birthplace is a much-appreciated gesture, recognized with affection and enthusiasm by all the inhabitants. I appreciate that in these moments in which we are all so involved, you have taken the time to remind Venezuelans of Peru's friendship and Peru's resolve to continue to carry on this process, which we are evoking with glory, through this personality I once dared call 'auspicious and Apollonian' [faustica y apolenia], who was the Grand Marshal of Ayacucho. [passage omitted]

"Therefore you are here just as if you were in your own capital, and we receive you with great affection, with great friendliness, the friendliness our Venezuelan fatherland has toward your Peruvian fatherland, everything in honor of the great Latin American fatherland."

Minister Denies Purchase of Arms From Argentina

PA1003142595 Caracas EL GLOBO in Spanish 9 Mar 95 p 2

[Report by Judith Martorelli]

[FBIS Translated Text] "Venezuela has not negotiated any purchase of weapons from Argentina, and I say this truthfully." Defense Minister General Moises Orozco Graterol made this statement as the Council of Ministers meeting concluded in Miraflores. This is how he denied

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a report that Venezuela had reportedly purchased a batch of weapons from Argentina that was then sent to Ecuador in February, when that nation and Peru were engaged in an armed border conflict.

In examining the issue in depth, the defense minister assured that the president of the Republic categorically banned the sale of weapons and ammunition to any country engaged in a conflict, "especially in this case in which two Bolivarian countries were involved."

Hot Defense

Gen. Orozco advocated a "hot" defense of the border between Venezuela and Colombia. The hot defense of the border would let the Venezuelan military forces cross the border with Colombia in case irregular groups attack them.

"This has been my proposal: to let us react in case of an attack and to carry out a hot defense. The border limits our scope and hinders our operations. We want the approval of Colombia to cross the border and confront this problem common to the two nations.

[EL GLOBO] What if Colombia does not agree?

[Orozco] It will be necessary to see things in an objective and very calm fashion, to explain to Colombia how to peacefully solve this conflict, and to expect substantial cooperation from it.

Trip to the Border

Defense Minister Orozco today will ask members of the Colombian High Military Command for tangible evidence on the capture of the guerrilla who reportedly led the attack in Cararabo.

The High Military Command of the neighboring country will meet today with its Venezuelan counterpart to discuss the actions that Venezuela is demanding from the Colombian military in order to protect Venezuelan territory from attack by Colombian irregular groups.

In coming out the Council of Ministers meeting held yesterday in Miraflores, Gen. Orozco explained that one of the tangible issues he will present to the Colombian defense minister (Fernando Botero Zaa) is to demand it carry out the "corresponding actions" against the alleged guerrilla chief, who has been identified as Rafael Blanco Flores, alias "Carrillo." However, Colombia first will have to prove to us that this individual indeed led the violent attack to Cararabo, the minister added.

[Orozco] The Venezuelan Foreign Ministry has already told me that it will hire lawyers to file the appropriate charges.

The Identity of Commander Carrillo

According to the defense minister, Colombian military authorities asserted that "Carrillo" was the leader following his arrest 200 kilometers from Cararabo on the Meta River.

Colombian military authorities reported that the boats that were hijacked on the night of 26 February from the Cararabo River post were seized from Carrillo and his group.

Minister Orozco noted that the serial numbers reported by Colombia coincide with records kept in Venezuela, but the rest of the weapons have not yet been recovered.

Workers, Bank Depositors Demonstrate at Congress

PA1003142695 Caracas Venezolana de Television Network in Spanish 0200 GMT 10 Mar 95

[Report by Jose Marcano from "The News" newscast; speakers identified by caption—passages within quotation marks recorded]

[FBIS Translated Text] [Marcano] This was definitely a day of protest at Congress' door. Workers demanded a genuine social benefits system, while depositors at seized banks presented their demands before the legislature.

Labor representatives continued their campaign to defend the current system of social benefits. They think this is an achievement of the workers that compensates them for seniority at a company and protects them after the working relationship is over:

[Nahis Arismendi, in progress] "...the workers. This is reflected by our polls, consultations, and activities. They do not favor a modification of the current system, because right now retroactivity is our sole savings indexation mechanism."

[Marcano] While this group of workers was at Congress' door, another peaceful march had departed from Carabobo Park for Congress and was only a few meters away on Universidad Avenue. It was made up of depositors from the eight banks that were seized behind closed doors.

[Guillermo Tirado] "The Venezuelan people have witnessed the great discrimination to which we the depositors at the seized banks have subjected.

[Aurora Pirotti] "We want justice, because if all the other banks were paid, we should have the same right.

[Celine de Blanco] "Respectfully, President Caldera has not intervened in this issue."

[Marcano] Another representation of depositors at seized banks met with Finance Minister Luis Raul Matos Azocar and received an encouraging reply:

[Begona Gordobil] "We received pleasant solidarity from Minister Matos Azocar. He will present a proposal regarding our crisis, and we will be treated very well because all our deposits will be recognized."

[Marcano] Here at the Congress of the Republic, various commissions heard the demands of workers and depositors from the seized banks. Obviously, they cannot offer a solution overnight, but they did promise to mediate.

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